Stock Code:8044

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2018 and 2017

Address: 12Fl, No. 105, Sec. 2, Tun Hwa S. Rd., Taipei 106, Taiwan
Telephone: 886-2-2700-0898

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table Of Contents

Contents	Page

Representation Letter

The entities that are required to be included in the combined financial statements of PChome Online Inc. as of and for the year ended December 31, 2018 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, PChome Online Inc. and its Subsidiaries do not prepare a separate set of combined financial statements.

Company Name: PChome Online Inc.
Chairman: Hung-Tze Jan
Date: March 18, 2019

KPMG

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)

Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of PChome Online Inc.:

Opinion

We have audited the consolidated financial statements of PChome Online Inc. and subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Please refer to Note 4 (n) and Note 6 (v) for the "Revenue" section of the consolidated financial statements.

   Key Audit Matters Explanation:

   The Group's principal sources of operating revenues are generated by using e-commerce platform. This business model is characterized through high reliance on the systems to process transaction information. Moreover, the characteristics of this business model are administrating abundant information and diversified customers. The Group's systems automatically control all the transaction process, such as consumers' orders and their related information. Therefore, the process accuracy, and completeness of consumers' orders, as well as the time accuracy of revenue recognition are the key judgmental areas for our audit in the consolidated financial statements.

KPMG

How the matter was addressed in our audit:

As mentioned above, our principal audit procedures consist of comprehension and test of the application of the systems and manual control for the sales stream, including assigning the specialist to test the general IT controls (GITC) and internal control where relevant. Furthermore, we have obtained the daily report to confirm the accuracy and completeness of the transaction processing and conformity verification of the daily revenues vouchers and the daily report.

2. Valuation of inventories

Please refer to Note 4 (h) and Note 6 (e) for the "Valuation of inventories" section of the consolidated financial statements.

Key Audit Matters Explanation:

In the consolidated financial statements, the valuation of the inventories is measured at the lower of cost or net realizable value. As a result of the commodity lifecycle, as well as other impacts such as the price competition from the competitors and physical stores, the prices of the commodities may fluctuate, causing risk of the cost exceeding the net realizable value.

How the matter was addressed in our audit:

Our principal audit procedure included:

·Inspecting and analyzing the aging report of the inventory;

·Assessing the rationality of the policies of allowance for inventory valuation and obsolescence losses;

·Inspecting the post period sales situation and evaluating the net realizable value of measurement applied on aging inventory in order to verify the evaluation accuracy of the estimated inventory allowance by the Group;

·Assessing if the disclosure of the key management regarding the allowance of the inventory is appropriate.

Other Matter

PChome Online Inc. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

KPMG

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Liu-Fong Yang and Tsao-Jen Wu.

KPMG

Taipei, Taiwan (Republic of China)
March 18, 2019

Notes to Readers

The accompanying consolidated financial statementsfinancial statements are intended only to present the consolidated financial statementsstatement of financial position, financial performance and its cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such consolidated financial statementsfinancial statements are those generally accepted and applied in the Republic of China.

The independent auditor's report and the accompanying consolidated financial statementsfinancial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditor's report and consolidated financial statementsfinancial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		2018.12.31		2017.12.31	
	ASSETS	**Amount**	**%**	**Amount**	**%**
	Current Assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 6,881,162	61	8,370,267	72
1150	Notes receivable, net (Note (6)(d))	112	-	3,183	-
1170	Accounts receivable, net (Notes (6)(d) and (7))	634,691	6	437,831	4
1200	Other receivables, net (Notes (6)(d) and (7))	726,672	7	615,023	5
1300	Inventories (Note (6)(e))	1,250,825	11	961,528	8
1476	Other current financial assets (Note (8))	528,096	5	306,090	3
1479	Other current assets, others	213,585	2	78,839	1
1481	Current asset recognized as right to recover products from customers	29,958	-	-	-
		10,265,101	92	10,772,761	93
	Non-Current Assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	89,842	1	-	-
1543	Non-current financial assets at cost (Note (6)(c))	-	-	43,557	-
1550	Investments accounted for using equity method (Note (6)(f))	27,908	-	12,234	-
1600	Property, plant and equipment (Note (6)(j))	541,005	5	574,409	5
1780	Intangible assets (Note (6)(k))	28,224	-	49,850	1
1840	Deferred tax assets (Note (6)(r))	45,062	1	30,491	-
1975	Net defined benefit asset, non-current (Note (6)(q))	3,228	-	1,056	-
1980	Other non-current financial assets (Note (8))	144,812	1	127,738	1
1990	Other non-current assets, others	15,727	-	6,416	-
		895,808	8	845,751	7
	Total assets	$ 11,160,909	100	11,618,512	100

		2018.12.31		2017.12.31	
	LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:				
2100	Short-term borrowings (Note (6)(l))	$ 300,000	3	350,000	3
2130	Current contract liabilities (Note (6)(m))	399,708	4	-	-
2150	Notes payable	773	-	1,865	-
2170	Accounts payable	2,796,281	25	2,861,964	25
2200	Other payables	727,544	7	922,740	8
2230	Current tax liabilities	23,632	-	104,851	1
2320	Total long-term liabilities, current portion (Note (6)(n))	100,000	1	-	-
2300	Other current liabilities (Notes (6)(m) and (6)(p))	1,988,656	18	2,204,417	19
2365	Current refund liabilities (Note (6)(m))	32,510	-	-	-
		6,369,104	58	6,445,837	56
	Non-Current liabilities:				
2541	Long-term bank loans (Note (6)(n))	1,350,000	12	-	-
2570	Deferred tax liabilities (Note (6)(r))	659	-	-	-
2640	Net defined benefit liability, non-current (Note (6)(q))	6,931	-	5,229	-
2670	Other non-current liabilities, others (Note (6)(m))	10,671	-	13,035	-
		1,368,261	12	18,264	-
	Total liabilities	7,737,365	70	6,464,101	56
	Equity attributable to owners of parent (Note (6)(s)):				
	Share capital:				
3110	Ordinary share	1,171,595	10	1,171,595	10
3200	Capital surplus	2,507,423	22	2,507,459	22
	Retained earnings:				
3310	Legal reserve	408,184	4	404,535	3
3320	Special reserve	4,120	-	2,781	-
3350	Unappropriated retained earnings (accumulated loss)	(1,202,651)	(11)	634,746	5
	Other equity interest:				
3410	Exchange differences on translation of foreign financial statements	11,524	-	(4,120)	-
3420	Unrealized gains from financial assets measured at fair value through other comprehensive income	33,538	-	-	-
	Total equity attributable to owners of parent:	2,933,733	25	4,716,996	40
36XX	**Non-controlling interests** (Notes 6(i) and 6(s))	489,811	5	437,415	4
	Total equity	3,423,544	30	5,154,411	44
	Total liabilities and equity	$ 11,160,909	100	11,618,512	100

The accompanying notes are an integral part of the consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		2018		2017	
		Amount	%	Amount	%
4111	**Sales revenue**	$ 35,083,149	101	29,927,596	102
4170	Less: Sales returns	488,785	1	512,419	2
	Operating revenue, net (Note (6)(v))	34,594,364	100	29,415,177	100
5000	**Operating costs (Note (6)(e))**	30,295,907	88	24,977,168	85
	Gross profit from operations	4,298,457	12	4,438,009	15
	Operating expenses:				
6100	Selling expenses	5,347,190	15	4,060,374	14
6200	Administrative expenses	309,419	1	305,962	1
6300	Research and development expenses	368,935	1	281,827	1
6450	Expected credit loss (gain)(Note (6)(d))	(243)	-	-	-
	Total operating expenses	6,025,301	17	4,648,163	16
	Net operating loss	(1,726,844)	(5)	(210,154)	(1)
	Non-operating income and expenses (Note (6)(x)):				
7010	Other income	34,755	-	30,601	-
7020	Other gains and losses, net	31,372	-	(37,551)	-
7050	Finance costs	(24,113)	-	(2,520)	-
7060	Share of loss of associates and joint ventures accounted for using equity method, net	(14,973)	-	(2,470)	-
	Total non-operating income and expenses	27,041	-	(11,940)	-
	Loss before income tax	(1,699,803)	(5)	(222,094)	(1)
7950	**Less: Tax expense (Note (6)(r))**	67,070	-	169,651	-
	Loss	(1,766,873)	(5)	(391,745)	(1)
	Other comprehensive income (loss):				
8310	**Components of other comprehensive income that will not be reclassified subsequently to profit or loss (Notes (6) (q) and (r))**				
8311	Remeasurement from defined benefit plans	(1,092)	-	5,130	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(5,490)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	631	-	(872)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(5,951)	-	4,258	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss (Note (6)(s))**				
8361	Exchange differences on translation	12,398	-	(898)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	12,398	-	(898)	-
	Other comprehensive income, net of tax	6,447	-	3,360	-
8500	**Total comprehensive income**	**$ (1,760,426)**	**(5)**	**(388,385)**	**(1)**
	(Loss) profit, attributable to:				
8610	(Loss) profit, attributable to owners of parent	$ (994,643)	(3)	36,490	
8620	Loss, attributable to non-controlling interests	(772,230)	(2)	(428,235)	(1)
		$ (1,766,873)	**(5)**	**(391,745)**	**(1)**
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ (984,794)	(3)	39,066	-
8720	Comprehensive income, attributable to non-controlling interests	(775,632)	(2)	(427,451)	(1)
		$ (1,760,426)	**(5)**	**(388,385)**	**(1)**
	Earnings per share (Note (6)(u))				
9750	**Basic earnings per share (NT dollars)**	**$**	**(8.49)**		**0.31**
9850	**Diluted earnings per share (NT dollars)**	**$**	**(8.49)**		**0.31**

The accompanying notes are an integral part of the consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent									
	Share capital		Retained Earnings			Other Equity Interest				
	Ordinary Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
Balance at January 1, 2017	$ 1,103,161	2,497,037	327,935	4,271	1,309,930	(2,781)	-	5,239,553	752,960	5,992,513
Profit (loss) for the year months ended December 31, 2017	-	-	-	-	36,490	-	-	36,490	(428,235)	(391,745)
Other comprehensive loss for the year months ended December 31, 2017	-	-	-	-	3,915	(1,339)	-	2,576	784	3,360
Total comprehensive income (loss) for the year months ended December 31, 2017	-	-	-	-	40,405	(1,339)	-	39,066	(427,451)	(388,385)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	76,600	-	(76,600)	-	-	-	-	-
Special reserve reversed	-	-	-	(1,490)	1,490	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(547,469)	-	-	(547,469)	-	(547,469)
Stock dividends of ordinary share	68,434	-	-	-	(68,434)	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(390)	-	-	-	-	-	(390)	390	-
Changes in ownership interests in subsidiaries	-	10,812	-	-	(24,576)	-	-	(13,764)	27,349	13,585
Changes in non-controlling interests	-	-	-	-	-	-	-	-	84,167	84,167
Balance at December 31, 2017	1,171,595	2,507,459	404,535	2,781	634,746	(4,120)	-	4,716,996	437,415	5,154,411
Effects of retrospective application	-	-	-	-	3,975	-	39,028	43,003	-	43,003
Equity at beginning of period after adjustments	1,171,595	2,507,459	404,535	2,781	638,721	(4,120)	39,028	4,759,999	437,415	5,197,414
Loss for the year months ended December 31, 2018	-	-	-	-	(994,643)	-	-	(994,643)	(772,230)	(1,766,873)
Other comprehensive income (loss) for the year months ended December 31, 2018	-	-	-	-	(305)	15,644	(5,490)	9,849	(3,402)	6,447
Total comprehensive income (loss) for the year months ended December 31, 2018	-	-	-	-	(994,948)	15,644	(5,490)	(984,794)	(775,632)	(1,760,426)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	3,649	-	(3,649)	-	-	-	-	-
Special reserve appropriated	-	-	-	1,339	(1,339)	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(517,932)	-	-	(517,932)	517,932	-
Changes in ownership interests in subsidiaries	-	(36)	-	-	(323,504)	-	-	(323,540)	103,955	(219,585)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	206,141	206,141
Balance at December 31, 2018	**$ 1,171,595**	**2,507,423**	**408,184**	**4,120**	**(1,202,651)**	**11,524**	**33,538**	**2,933,733**	**489,811**	**3,423,544**

The accompanying notes are an integral part of the consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
Loss before tax	$ (1,699,803)	(222,094)
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	184,329	157,003
Amortization expense	26,372	23,319
Expected credit (gain) loss	(243)	182
Interest expense	24,113	2,520
Interest income	(16,595)	(20,887)
Dividend income	(4,025)	(3,921)
Share-based payments of subsidiaries	13,332	13,585
Share of loss of associates and joint ventures accounted for using equity method	14,973	2,470
Gain on disposal of property, plant and equipment	(540)	(1,139)
(Gain) loss on disposal of investments	(2,583)	7,257
Total adjustments to reconcile profit	239,133	180,389
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	3,071	(539)
Accounts receivable	(196,618)	(92,065)
Other receivable	(109,571)	(335,018)
Inventories	(289,297)	(353,399)
Other current assets	(137,774)	(24,221)
Other financial assets	(241,942)	65,299
Current asset recognized as right to recover products from customers	(1,627)	-
Total changes in operating assets	(973,758)	(739,943)
Changes in operating liabilities:		
Contract liabilities	77,438	-
Notes payable	(1,092)	(328)
Accounts payable	(94,020)	575,565
Other payable	(135,631)	212,213
Other current liabilities	136,097	949,824
Net defined benefit liabilities	(1,522)	(1,437)
Current refund liabilities	1,494	-
Other non-current liabilities	(32,016)	7,512
Total changes in operating liabilities	(49,252)	1,743,349
Total changes in operating assets and liabilities	(1,023,010)	1,003,406
Total adjustments	(783,877)	1,183,795
Cash flow (used in) generated from operations	(2,483,680)	961,701
Interest received	15,394	21,530
Dividends received	4,025	3,921
Interest paid	(22,480)	(2,423)
Income taxes paid	(161,617)	(233,645)
Net cash flows (used in) from operating activities	(2,648,358)	751,084
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(8,772)	-
Acquisition of financial assets at cost	-	(35,664)
Proceeds from disposal of financial assets at cost	-	15,664
Acquisition of property, plant and equipment	(188,107)	(289,142)
Proceeds from disposal of property, plant and equipment	45	1,440
Acquisition of intangible assets	(3,143)	(23,150)
Other non-current assets	(9,345)	1,051
Acquisition of non-controlling interests	(241,724)	-
Other investing activities	(16,432)	(68,692)
Net cash flows used in investing activities	(467,478)	(398,493)
Cash flows from financing activities:		
(Decrease) Increase in short-term loans	(50,000)	253,010
Increase in long-term debt	1,450,000	-
Cash dividends paid	-	(547,469)
Change in non-controlling interests	206,141	124,959
Net cash flows (used in) from financing activities	1,606,141	(169,500)
Effect of exchange rate changes on cash and cash equivalents	20,590	(1,004)
Net (decrease) increase in cash and cash equivalents	(1,489,105)	182,087
Cash and cash equivalents at beginning of period	8,370,267	8,188,180
Cash and cash equivalents at end of period	**$ 6,881,162**	**8,370,267**

The accompanying notes are an integral part of the consolidated financial statements.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Organization and Business

PChome Online Inc. (the Company) was incorporated on July 14, 1998. The primary business scope of the Company and its subsidiaries (together referred to as the Group) includes software design, digital information supply, data processing, and wholesaling and retailing of office machinery, equipment, and information software.

On August 30, 2004, the board of directors of the GreTai Securities Market approved the Company’s application for stock listing, and it became officially listed and traded on January 25, 2005.

The subsidiary PChome Store Inc. was approved for TPEx-listed on April 6, 2011. On May 8, 2018, the board of directors resolved to apply for the future termination of it's trading stocks and abolishment of it's public offering with Taipei Exchange. In accordance with the Ruling No. 10702006361, the Group terminated the securities trading of the PChome Store Inc. on June 22, 2018.

(2) Approval Date and Procedures of the Consolidated Financial Statements

The Board of Directors approved and issued the consolidated financial statements on March 18, 2019.

(3) New Standards and Interpretations Not Yet Adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018. The differences between the current version and the previous version are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts". The Group applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

IFRS 15 and related amendment require that when another party is involved in providing goods or services to a customer, the Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. Since a specified good or service is a distinct good or service, the Group determines whether it is a principal or an agent for each specified good or service.

The Group is a principal if it obtains control of any one of the following:

1) The good or another asset that it then transfers to the customer.

2) The right to a service to be performed by other party, which gives the Group the ability to direct that party to provide the service to the customer on its behalf.

3) The good or service from the other party that it then combines with other goods or services in providing a specified good or service to the customer.

Indicators to support the Group’s assessment of whether it controls a specified good or service include, but are not limited to, the following:

1) The Group is primarily responsible for fulfilling the promise to provide the specified good or service.

2) The Group has inventory risk before or after the specified good or service is transferred to the customer.

3) The Group has discretion in establishing the price of the specified good or service.

The Group uses the practical expedients for completed contracts, which means it need not restate those contracts that have been completed on January 1, 2018.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The following tables summarize the impacts of adopting IFRS15 on the Group's consolidated financial statements:

	December 31, 2018			January 1, 2018		
Impacted line items on the consolidated balance sheet	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**
Current asset recognized as right to recover products from customers	$ -	29,958	29,958	-	28,331	28,331
Impact on assets		**29,958**			**28,331**	
Contract liabilities	$ -	399,708	399,708	-	322,270	322,270
Accounts payable	2,766,323	29,958	2,796,281	2,861,964	28,331	2,890,295
Other Payable	759,487	(31,943)	727,544	922,740	(30,160)	892,580
Other current liabilities	2,388,931	(400,275)	1,988,656	2,204,417	(323,126)	1,881,291
Refund liabilities	-	32,510	32,510	-	31,016	31,016
Impact on liabilities		**29,958**			**28,331**	

(ii) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note (4)(g).

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The adoption of IFRS 9 did not have any significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note (4)(g).

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

	IAS39		IFRS9	
	Measurement categories	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Financial Assets				
Cash and equivalents	Loans and receivables	8,370,267	Amortized cost	8,370,267
Equity instruments	Financial assets measured at cost (note 1)	43,557	FVOCI	86,560
			FVTPL	-
Trade and other receivables	Loans and receivables (note 2)	1,056,037	Amortized cost	1,056,037

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Note1: These equity securities (including financial assets measured at cost) represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI.

Note2: Trade, lease and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through other comprehensive income						
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 43,557	(43,557)	-		-	-
Addition – equity instruments:						
From measured at cost	-	43,557	43,003		3,975	39,028
Total	$ 43,557	-	43,003	86,560	3,975	39,028

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 “Leases”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term interests in associates and joint ventures”	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16 “Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Group can choose to apply either of the following:

－IFRS 16 definition of a lease to all its contracts; or

－a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Group can either apply the standard using the following:

－retrospective approach; or

－modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

On January 1, 2019, the Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment in 2019 and the following years, with no restatement of comparative information and unrecognized an adjustment to the opening balance of retained earnings at January 1, 2019.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients. The Group chooses to elect the following practical expedients:

－apply a single discount rate to a portfolio of leases with similar characteristics.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

－ adjust the right-of-use assets, based on the amount reflected in IAS 37 onerous contract provision, immediately before the date of initial application, as an alternative to an impairment review.

－ apply the exemption not to recognize the right-of-use assets and liabilities to leases with lease term that ends within 12 months of the date of initial application.

－ exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.

－ use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for the operating leases of its offices and warehouses. The Group estimated that the right-of-use assets and the lease liabilities to increase by 2,565,468 thousand and 2,577,598 thousand respectively, on January 1, 2019. No significant impact is expected for the Group's finance leases. Besides, The Group does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold loan covenant.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

Those which may be relevant to The Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
September 11, 2014	Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Significant Accounting Policies

The accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC.

(b) Basis of preparation

1.Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

1) Liabilities for cash-settled share-based payment arrangements are measured at fair value;

2) The net defined benefit liabilities (or assets) is recognized as the fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit assets as disclosed in Note 4(o).

2.Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company' s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Business combination

1.Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group' s share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Upon the loss of control, the Group derecognizes the carrying amounts of the assets and liabilities of the subsidiary and non-controlling interests. Any interest retained in the former subsidiary is measured at fair value when control is lost. The gain or loss is measured as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained non-controlling investment in the former subsidiary at the date when the Company losses control; and (ii) the aggregate of the carrying amount of the former subsidiary's assets (including goodwill), liabilities and non-controlling interests at the date when the Group losses control. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding 2018.12.31	Shareholding 2017.12.31	Note
The Company	PChome Store Inc.	Internet services	34.35 %	37.57 %	
〃	Linktel Inc.	Type II Telecommunications Business	100.00 %	100.00 %	
〃	PChomePay Inc.	Online payment processing services	21.18 %	21.18 %	Note 1
〃	IT Home Publications Inc.	Magazine publication	100.00 %	100.00 %	
〃	PChome US Inc.	E-commerce platform	91.97 %	91.40 %	
〃	PC Home Online International Co., Ltd.	International trade and investment activities	100.00 %	100.00 %	
〃	Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	21.03 %	21.03 %	Note 2
〃	eCommerce Group Co., Ltd.	Investment activities	100.00 %	100.00 %	
〃	Pi Mobile Technology Inc.	Online payment processing services	100.00 %	100.00 %	
〃	PChome (Thailand) Co., Ltd.	E-commerce platform	65.00 %	65.00 %	
〃	PChome Travel Inc.	Travel agency business	100.00 %	100.00 %	
〃	PChome Financial Technology Inc.	Information service	100.00 %	100.00 %	
〃	PChome Holding Inc.	Investment activities	100.00 %	- %	Note 4
〃	PChome Express Co., Ltd.	Transportation and logistics	100.00 %	- %	Note 6
〃	Chunghwa PChome Fund 1 Co., Ltd.	Investment activities	50.00 %	- %	Note 7
〃	Cornerstone Ventures Co., Ltd.	Investment activities	51.00 %	- %	Note 8

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			2018.12.31	2017.12.31	
PChome eBay Co., Ltd.	PChomePay Inc.	Online payment processing services	24.14 %	24.14 %	Note 1
〃	PChome Store Inc.	Internet services	22.16 %	34.54 %	
PChome Store Inc.	PChomePay Inc.	Online payment processing services	33.88 %	33.88 %	Note 1
PChomePay Inc.	Pay and Link Inc.	Electronic payment business	100.00 %	100.00 %	
〃	Zhen Jin Lian International Co., Ltd.	Online payment processing services	100.00 %	100.00 %	
〃	Yin Te Lian International Co., Ltd.	〃	100.00 %	100.00 %	
〃	Yun Tung Bao International Co., Ltd.	〃	100.00 %	100.00 %	
IT Home Publications Inc.	Yiabi Inc.	Information processing and provision of electronic information	100.00 %	100.00 %	
Linktel Inc.	Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	5.44 %	5.44 %	Note 2
PC Home Online International Co., Ltd.	PChome Online Inc.	International trade and investment activities	100.00 %	100.00 %	
eCommerce Group Co., Ltd.	Ruten Global Inc.	Investment activities	100.00 %	100.00 %	
PChome Online Inc.	PC Home Online (HK) Ltd.	Information service and indirect investment activities	100.00 %	100.00 %	
Ruten Global Inc.	EC Global Limited	Investment activities	100.00 %	100.00 %	
〃	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	65.00 %	
〃	Ruten Japan KK	〃	40.83 %	83.33 %	Note 3
〃	Ruten Singapore Pte. Ltd.	〃	65.00 %	65.00 %	
PC Home Online (HK) Ltd.	Shanghai Todo Inc.	Software and internet technical consulting service	100.00 %	100.00 %	
〃	PChome Japan KK	International trading E-commerce	- %	100.00 %	Note 5
〃	Ruten Japan KK	Information processing and provision of electronic information	8.17 %	16.67 %	Note 3
EC Global Limited	PChome Trading (Shenzhen) Ltd.	International trading E-commerce	100.00 %	100.00 %	
PChome Holding Inc.	PChome Marketplace Inc.	Investment activities	100.00 %	- %	Note 4
PChome Marketplace Inc.	PChome Japan KK	International trading E-commerce	100.00 %	- %	Note 5
〃	PChome Store Inc.	Internet services	35.78 %	- %	

Note 1: The Group holds more than 50% of its outstanding equity shares. Therefore, it was included in the consolidated financial statement.

Note 2: The Group lost direct control over Rakuya International Info. Co., Ltd starting June 15, 2017 due to its newly elected board of directors. Therefore, Rakuya International Info. Co. Ltd is no longer included in the consolidated financial report of the Group.

Note 3: The Group lost direct control over Ruten Japan KK starting January 15, 2018 due to its capital increased by cash. Therefore, Ruten Japan KK is no longer included in the consolidated financial report of the Group.

Note 4: The subsidiary was established in second quarter of 2018.

Note 5: PChome Marketplace Inc. bought all shares of PChome Japan KK from PC Home Online (HK) Ltd. on April 30, 2018.

Note 6: The subsidiary was established on October 18, 2018.

Note 7: The subsidiary was established on October 23, 2018.

Note 8: The subsidiary was established on October 30, 2018.

3. List of subsidiaries which are not included in the consolidated interim financial statements: None.

(d) Foreign Currency

1.Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Those foreign currency differences arising on retranslation are recognized in profit or loss.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) Fair value through other comprehensive income (Available for sale) equity investment;

2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) Qualifying cash flow hedges to the extent that the hedge is effective.

2.Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of a joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Assets and liabilities classified as current and non-current

An entity shall classify an asset as current when:

1.It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

2.It holds the asset primarily for the purpose of trading;

3.It expects to realize the asset within twelve months after the reporting period; or

4.The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify a liability as current when:

1.It expects to settle the liability in its normal operating cycle;

2.It holds the liability primarily for the purpose of trading;

3.The liability is due to be settled within twelve months after the reporting period; or

4.It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial assets

1.Financial assets (policy applicable from January 1, 2018)

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI and presented as accounts receivable.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an investment-by-investment basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, derived from debt investments are recognized in profit or loss; whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex dividend date. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Group may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

·how the performance of the portfolio is evaluated and reported to the Group's management;

·the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

·contingent events that would change the amount or timing of cash flows;

·terms that may adjust the contractual coupon rate, including variable rate features;

·prepayment and extension features; and

· terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

·debt securities that are determined to have low credit risk at the reporting date; and

·other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

7) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

2.Financial assets (policy applicable before January 1, 2018)

The Group classifies financial assets into the following categories: loans and receivables, and financial assets measured at cost.

1) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables. Such assets are recognized initially at fair value, plus any directly attributable transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

2) Financial assets measured at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at amortized cost and are included in financial assets measured at cost.

The dividend revenue of investment should be recognized when the Company have the right to receive it, and is included in the statement of comprehensive income.

3) Impairment of financial assets

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management' s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is reduced from the carrying amount, except for trade receivables, in which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance accounts are recognized in profit or loss.

Provision for doubtful accounts is recorded as general and administrative expenses. The impairment loss on financial assets other than accounts receivable is recorded as other gains and losses under non-operating income and expenses.

3.Financial liabilities and equity instruments

1) Other financial liabilities

Financial liabilities not classified as held for trading, or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in the statement of comprehensive income.

2) Derecognizing of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled or expires. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in the statement of comprehensive income.

3) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all costs of purchase and other costs incurred in bringing the inventories to a salable and useable location and condition. Inventory cost is calculated using the weighted-average-cost formula.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Group recognizes any changes, proportionately with the shareholding ratio under capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interests in an associate, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Group has an obligation or has made payments on behalf of the associate.

(j) Property, plant, and equipment

1.Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

The gain or loss arising from derecognizing an item of property, plant or equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses and included in the statement of comprehensive income.

2.Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

3.Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Transportation equipment	4 ~ 8 years
2) Furniture and office equipment	3 ~ 5 years
3) Leasehold improvements	1 ~10years

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

(k) Leases

Lessee

According to the condition of the lease, the Group should classify the lease as financial lease when it undertakes almost all the risks and rewards of the lease. The Group initially recognizes lease asset with lower of the fair value of the asset or the present value of the minimum lease payments. Afterwards, the Group should yield to its own accounting policy.

The minimum payments of the financial lease should be allotted to financial costs, and proportionately decrease the unpaid liabilities. The financial cost have to be apportioned to the lease period with specific rate of the liabilities.

Other leases are operating leases and are not recognized in the Group' s statement of financial position.

Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

(l) Intangible assets

1.Intangible assets

Software that is acquired by the Group is measured at cost less accumulated amortization and any accumulated impairment losses.

2.Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3.Amortization

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Software	1 ~ 5 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any changes shall be accounted for as changes in accounting estimates.

(m) Impairment – non financial assets

To ensure inventories, deferred tax assets, and assets arising from employee benefits are carried at no more than their recoverable amount, and to define how the recoverable amount is determined, if it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for individual asset or a cash-generating unit is the higher of its fair value less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss shall be recognized immediately in profit or loss.

The Group should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use is required to be tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

(n) Revenue

1.Revenue from contracts with customers (policy applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods - consumer electronics

The Group recognizes revenue when a customer takes possession of the product. Payment of the transaction price is due immediately when the customer purchases the product.

The Group grants its customers the right to return the product. Therefore, the Group reduces revenue by the amount of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amount of expected returns.

2) Services

The Group provides platform and management services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the work performed to date as a proportion of the total work which should be performed.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

2.Revenue (policy applicable before January 1, 2018)

1) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

2) Services

Revenue from internet and management services rendered are recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(o) Employee benefits

1.Defined contribution plans

Obligations for contributions to the defined contribution pension plans are recognized as employee benefit expense in profit or loss in the periods during which services are rendered by the employees.

2.Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group' s net obligation with respect to the defined benefit pension plans is calculated separately for each plan by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

Any fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are amended, the relating expenses, resulting from the portion of the increased benefit relating to past services provided by the employees, are recognized immediately in profit or loss to the extent that the benefits are vested immediately.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

Net interest expense and other expenses related to the defined benefit plans are recognized in retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

3.Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions, and there is no true up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in profit or loss.

(q) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

1.Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

2.Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

3.Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1.the entity has the legal right to settle tax assets and liabilities on a net basis; and

2.the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(r) Earnings per share

The Group discloses the Company’s basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding.

The diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee stock bonus.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(e) for further description of the valuation of inventories.

(6) Summary of Major Accounts

(a) Cash and cash equivalents

	2018.12.31	2017.12.31
Cash on hand	$ 897	915
Checking accounts	37,145	15,378
Savings accounts	5,625,018	5,589,369
Foreign currency deposits	118,421	164,115
Time deposits	1,091,700	2,588,700
Cash equivalents	7,981	11,790
Cash and cash equivalents in consolidated statement of cash flows	**$ 6,881,162**	**8,370,267**

Please refer to Note 6 (y) for the interest analysis of financial assets and liabilities.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(b) Non-current financial assets at fair value through other comprehensive income

	2018.12.31
Equity instruments at fair value through other comprehensive income	
Stocks unlisted on domestic markets	$ 89,842

1.The Group holds these equity instruments, which are not held for trading at designated fair value through other comprehensive income, for long-term strategic purposes. These investments were recognized at non-current financial assets measured at cost on December 31, 2017.

2.The Group acquired 877 thousand shares of Readmoo Co., Ltd.'s common stock for $8,772 thousand for the nine months ended September 30, 2018, and the transaction was recognized at non-current financial assets at fair value through other comprehensive income. The shareholding ratio for the year ended December 31, 2018 was 18.85%.

3.For credit risk and market risk; please refer to notes (6)(y) and (6)(z) .

As of December 31, 2018, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral for long-term borrowings.

(c) Non-current financial assets at cost

	2017.12.31
Domestic stock of non-listed company	$ 43,557

The aforementioned investments held by the Group are measured at amortized cost at year-end given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined. Therefore, the Group management has determined that the fair value cannot be measured reliably.

The Group acquired 2,000 thousand shares of Readmoo Co., Ltd.'s common stock for $20,000 for the year ended December 31, 2017, and the transaction was recognized as financial assets measured at cost. The shareholding ratio at the year ended 2017 was 19.49%.

The Group acquired 1,387 thousand shares of IPEVO's common stock for $15,664 for the year ended December 31, 2017, and the transaction was recognized as financial assets measured at cost. The shareholding ratio for the year ended December 31, 2017 was 7.36%.

As of January 12, 2017, the Group disposed the shares of 17Life Ltd., Pay Easy Ltd., Eastern Online Co., Ltd., and Taiwan Star Telecom Co., Ltd. to Linktel Inc. for $503. The aforementioned inter-company transactions have been eliminated in the consolidated financial statement.

The Group received the capital reduction proceeds amounting to $15,664 from P2V Holding Limited, and recognized the loss on disposal of investments amounting to $7,257 for the year ended December 31, 2017.

The aforementioned investments were recognized at FVOCI and FVTPL on December 31, 2018; please refer to note (6)(b).

As of December 31, 2018 and 2017, the Group's financial assets were not pledged as collateral.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(d) Notes and accounts receivable and other receivables, net

	2018.12.31	2017.12.31
Notes receivable-measured as amortized cost	$ 112	3,183
Trade receivable-measured as amortized cost	635,159	438,581
Other receivables-measured as amortized cost	726,918	615,241
Less: Allowance for impairment loss	(714)	(968)
	$ 1,361,475	1,056,037

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables on December 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporate forward looking information. The loss allowance provision as of December 31, 2018 was determined as follows:

	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	$ 1,315,836	0.001%~0.023%	20
Overdue 1 to 180 days	45,770	10%~20%	188
Over 181 days past due	583	25%～100%	506
	$ 1,362,189		714

As of December 31, 2017, the Group applies incurred loss model to consider the loss allowance provision of notes and trade receivable. As of December 31, 2017, the aging analysis of notes and trade receivable which were past due but not impaired was as follows:

	2017.12.31
Past under 90 days	$ 2,131

The movement in the allowance for notes and trade receivable was as follows:

		2017	
	2018	Individually assessed impairment	Collectively assessed impairment
Balance on January 1, 2018 and 2017 (Under IAS 39)	$ 968	-	955
Adjustment on initial application of IFRS 9	-		
Balance on January 1, 2018 (Under IFRS 9)	968		
Impairment losses recognized	-	107	75
Impairment losses reserved	(243)	-	-
Derecognition effect of subsidiaries	-	-	(7)
Amounts written off	(11)	-	(162)
Balance on December 31, 2018 and 2017	$ 714	107	861

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(e) Inventories

	2018.12.31	2017.12.31
Merchandise inventories	$ 1,263,022	970,013
Less: Allowance for inventory valuation and obsolescence losses	(12,197)	(8,485)
	$ 1,250,825	**961,528**

As of December 31, 2018 and 2017, the Group's inventories were not pledged as collateral.

The details of operating cost were as follows:

	For the years ended December 31,	
	2018	2017
Cost of goods sold	$ 30,289,382	24,973,241
Provision for inventory market price decline and obsolescence	3,712	1,000
Loss on physical inventory	1,781	1,862
Loss on disposal of scrap	1,032	1,065
	$ 30,295,907	**24,977,168**

(f) Investments accounted for using equity method

A summary of the Group’s financial information for investments accounted for using the equity method at the reporting date is as follows:

	2018.12.31	2017.12.31
Associates	**$ 27,908**	**12,234**

1.Associates

Affiliates to the Group consisted of the followings:

Name of Affiliates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights 2018.12.31	2017.12.31
Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	Taiwan	26.47 %	26.47 %
Ruten Japan KK	Information processing and provision of electronic information	Japan	49.00 %	100.00 %

2.Collateral

As of December 31, 2018 and 2017, the Group did not provide any investment accounted for using equity method as collaterals.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(g) Changes in a parent's ownership interest in a subsidiary

The third quarter of 2018, the Group acquired an additional interest in PChome Store Inc. for $241,724 thousand in cash, increasing its ownership from 37.57% to 53.52%.

The Company’s effect to changes in subsidiaries’ equity attributable to parent’s equity are as below:

		2018
Carrying amounts to acquire non-controlling interest	$	(276,208)
Consideration to pay to non-controlling interest		(241,724)
Paid-in Capital-difference between consideration and carrying amount of subsidiaries acquired or disposed	**$**	**(517,932)**

In the fourth quarter of 2018, the subsidiary of PChome Store Inc. increased the capital that amounted to $1,000,000. The Company decreased its ownership from 53.52% to 34.35% and retained earning was written off , amounted to $323,504.

(h) Losing control of subsidiaries

The Group decreased its ownership to 49%, and lost direct control over Ruten Japan KK starting January 15, 2018 due to its capital increased by cash. The Group recognized a gain on disposal of $2,583, and recorded it as net gains on disposal of investments. The Group still has significant influence over Ruten Japan KK, and the transaction was recognized as investments accounted for using the equity method.

The carrying amount of assets and liabilities of Ruten Japan KK on January 15, 2018 as follow:

Cash and cash equivalents	$	16,432
Property, plant and equipment		5,358
Intangible assets		23
Other current asset		3,310
Other financial assets - non-current		2,828
Accounts payable and other payable		(233)
Carrying amount of net assets	**$**	**27,718**

The Group lost direct control over Rakuya International Info. Co. Ltd starting June 15, 2017 due to its newly elected board of directors. However, the decision did not result in a disposal gain or loss. The Group still has significant influence over Rakuya International Info. CO Ltd., and the transaction was recognized as investments accounted for using the equity method.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The carrying amount of assets and liabilities of Rakuya International Info. Co. Ltd. on June 15, 2017 as follow:

Cash and cash equivalents	$	68,692
Accounts receivable and other receivables		2,567
Property, plant and equipment		3,421
Other current assets		501
Intangible assets		2,857
Other financial assets - non-current		10
Accounts payable and other payable		(3,357)
Other current liabilities		(18,660)
Carrying amount of net assets	**$**	**56,031**

(i) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests 2018.12.31	2017.12.31
PChome Store Inc.	Taiwan	7.71 %	27.89 %
PChomePay Inc.	Taiwan	20.80 %	20.80 %
PChome eBay Co., Ltd.	Taiwan	35.00 %	35.00 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Intra-group transactions were not eliminated in this information.

1.PChome Store Inc.'s collective financial information:

		2018.12.31	2017.12.31
Current assets	$	1,665,480	1,547,050
Non-current assets		223,174	231,494
Current liabilities		(2,311,793)	(1,720,065)
Non-current liabilities		(553,248)	(2,315)
Net assets	**$**	**(976,387)**	**56,164**
Non-controlling interests	**$**	**(119,486)**	**(28,541)**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	For the years ended December 31,	
	2018	2017
Sales revenue	$ 1,566,622	1,252,351
Net loss	$ (2,031,549)	(1,062,367)
Other comprehensive income	(1,002)	859
Comprehensive income	$ (2,032,551)	(1,061,508)
Loss, attributable to non-controlling interests	$ (527,416)	(382,990)
Comprehensive income, attributable to non-controlling interests	$ (527,494)	(382,750)

2.PChomePay Inc.'s collective financial information:

	2018.12.31	2017.12.31
Current assets	$ 1,182,153	1,244,662
Non-current assets	406,708	446,263
Current liabilities	(1,013,732)	(1,043,188)
Net assets	$ 575,129	647,737
Non-controlling interests	$ 119,627	134,714

	For the years ended December 31,	
	2018	2017
Sales revenue	$ 30,405	24,803
Net loss	$ (72,608)	(68,928)
Other comprehensive income	-	-
Comprehensive income	$ (72,608)	(68,928)
Loss, attributable to non-controlling interests	$ (15,087)	(14,335)
Comprehensive income, attributable to non-controlling interests	$ (15,087)	(14,335)

3.PChome eBay Co., Ltd.'s collective financial information:

	2018.12.31	2017.12.31
Current assets	$ 703,466	633,321
Non-current assets	88,595	345,601
Current liabilities	(195,861)	(217,396)
Net assets	$ 596,200	761,526
Non-controlling interests	$ 208,670	266,534

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	For the years ended December 31,	
	2018	2017
Sales revenue	$ 862,431	976,282
Net loss	$ (636,205)	(54,580)
Other comprehensive income	(222)	297
Comprehensive income	$ (636,427)	(54,283)
Loss, attributable to non-controlling interests	$ (222,672)	(19,103)
Comprehensive income, attributable to non-controlling interests	$ (222,750)	(18,999)

(j) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended December 31, 2018 and 2017, were as follows:

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Leased assets	Total
Cost:					
Balance at January 1, 2018	$ 1,165	887,459	471,326	16,363	1,376,313
Additions	24,877	110,610	20,776	-	156,263
Obsolescence	-	(7,542)	-	-	(7,542)
Disposals	-	(793)	-	-	(793)
Effect of movements in exchange rates	37	260	7	-	304
Effect of losing control of subsidiaries	-	(5,467)	30	-	(5,437)
Balance at December 31, 2018	$ 26,079	984,527	492,139	16,363	1,519,108
Balance at January 1, 2017	$ 1,261	743,226	314,490	6,702	1,065,679
Additions	-	181,107	167,007	9,909	358,023
Obsolescence	-	(14,960)	-	-	(14,960)
Disposals	-	(265)	(7,479)	(248)	(7,992)
Effect of movements in exchange rates	(96)	(395)	(36)	-	(527)
Effect of losing control of subsidiaries	-	(21,254)	(2,656)	-	(23,910)
Balance at December 31, 2017	$ 1,165	887,459	471,326	16,363	1,376,313
Depreciation and impairment loss:					
Balance at January 1, 2018	$ 1,165	550,374	248,333	2,032	801,904
Depreciation for the year	472	125,706	54,852	3,299	184,329
Obsolescence	-	(7,542)	-	-	(7,542)
Disposals	-	(750)	-	-	(750)
Effect of movements in exchange rates	36	198	7	-	241
Effect of losing control of subsidiaries	-	(109)	30	-	(79)
Balance at December 31, 2018	$ 1,673	667,877	303,222	5,331	978,103

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Leased assets	Total
Balance at January 1, 2017	$ 1,069	474,612	211,885	190	687,756
Depreciation for the year	185	108,413	46,458	1,947	157,003
Obsolescence	-	(14,486)	-	-	(14,486)
Disposals	-	-	(7,318)	(105)	(7,423)
Effect of movements in exchange rates	(89)	(332)	(36)	-	(457)
Effect of losing control of subsidiaries	-	(17,833)	(2,656)	-	(20,489)
Balance at December 31, 2017	**$ 1,165**	**550,374**	**248,333**	**2,032**	**801,904**
Carrying amounts:					
Balance at December 31, 2018	**$ 24,406**	**316,650**	**188,917**	**11,032**	**541,005**
Balance at December 31, 2017	**$ -**	**337,085**	**222,993**	**14,331**	**574,409**

As of December 31, 2018 and 2017, the property, plant and equipment were not pledged as collateral.

(k) Intangible assets

The costs and amortization of intangible assets of the Group for the years ended December 31, 2018 and 2017, were as follows:

	Software	Patent and Trademark	Total
Cost:			
Balance at January 1, 2018	$ 121,531	-	121,531
Acquired separately	4,836	-	4,836
Disposals	(1,612)	-	(1,612)
Effect on movements in exchange rates	93	-	93
Effect of losing control of subsidiaries	(26)	-	(26)
Balance at December 31, 2018	**$ 124,822**	**-**	**124,822**
Balance at January 1, 2017	$ 110,777	2,857	113,634
Acquired separately	22,664	-	22,664
Disposals	(11,019)	-	(11,019)
Effect on movements in exchange rates	39	-	39
Effect of losing control of subsidiaries	(930)	(2,857)	(3,787)
Balance at December 31, 2017	**$ 121,531**	**-**	**121,531**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Software	Patent and Trademark	Total
Amortization and impairment losses:			
Balance at January 1, 2018	$ 71,681	-	71,681
Amortization for the year	26,372	-	26,372
Disposals	(1,492)	-	(1,492)
Effect of movements in exchange rates	40	-	40
Effect of losing control of subsidiaries	(3)	-	(3)
Balance at December 31, 2018	**$ 96,598**	**-**	**96,598**
Balance at January 1, 2017	$ 60,093	-	60,093
Amortization for the year	23,319	-	23,319
Disposals	(10,812)	-	(10,812)
Effect of movements in exchange rates	11	-	11
Effect of losing control of subsidiaries	(930)	-	(930)
Balance at December 31, 2017	**$ 71,681**	**-**	**71,681**
Carrying amounts:			
Balance at December 31, 2018	**$ 28,224**	**-**	**28,224**
Balance at December 31, 2017	**$ 49,850**	**-**	**49,850**

The amortization of intangible assets is included in the statement of comprehensive income:

	2018	2017
Operating expense	**$ 26,372**	**23,319**

(l) Short-term borrowings

	2018.12.31	2017.12.31
Unsecured bank loans	$ 200,000	350,000
Secured bank loans	100,000	-
Total	**$ 300,000**	**350,000**
Unused short-term credit line	**$ 50,000**	**50,000**
Range of interest rates	**1.15%~1.59%**	**1.56%**

The Group for the collateral for short-term borrowings, please refer to note 8.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(m) Current contract liabilities, Other current liabilities and Current refund liabilities

	2018.12.31	2017.12.31
Current contract liabilities	$ 399,708	-
Advance receipts	-	322,799
Receipts under custody-online payment processing service	1,887,958	1,870,703
Other	100,698	10,915
Current refund liabilities	32,510	-
	$ 2,420,874	2,204,417

The Group received the advance receipts from consumers who purchased goods or online service points.

Agreements were entered into between the Group and its online sellers for entrusting the Group to collect sellers' online transaction payments. Collections were recognized under receipts under custody and were accounted for as payables to the sellers.

Current refund liabilities are expected to be paid to customers due to their right to refund the goods.

(n) Long-tem borrowings

The details were as follows:

	2018.12.31			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.20%	2028	$ 900,000
Secured bank loans	NTD	1.59%	2025	550,000
Less: current portion				(100,000)
Total				$ 1,350,000
Unused long-term credit lines				$ 100,000

For the collateral for long-term borrowings, please refer to note 8.

The subsidiary PChome Store Inc. entered into the syndicated credit agreement with the financial institution. According to the terms of the agreement, PChome Store Inc. should maintain certain financial ratios on balance sheet date. As of December 31, 2018, the Group was in compliance with the financial covenants mentioned above.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(o) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018.12.31	2017.12.31
Less than one year	$ 440,693	506,337
Between one and five years	1,470,810	1,442,756
Over five years	321,368	814,408
	$ 2,232,871	**2,763,501**

The Group leases a number of offices and warehouses under operating leases. The leases typically run for a period of 1 to 10 years, with an option to renew the lease after that date.

For the years ended December 31, 2018 and 2017, the operating leases recognized in profit or loss were $396,368 and $467,769, respectively.

(p) Lease obligations payable

The Group lease obligations payable were as follows:

	2018.12.31			2017.12.31		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 3,427	1,023	2,404	3,426	1,298	2,128
Between one and five years	11,522	1,149	10,373	14,948	2,171	12,777
	$ 14,949	**2,172**	**12,777**	**18,374**	**3,469**	**14,905**

(q) Employee benefits

1. Defined benefit plans

The Group determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

	2018.12.31	2017.12.31
Present value of defined benefit obligation	$ 61,866	58,530
Fair value of plan assets	(58,163)	(54,357)
Net defined benefit liabilities	**$ 3,703**	**4,173**

The Group makes defines benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years or service and average salary for the six months prior to retirement.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1) Composition of plan assets

The Group sets aside pension funds in accordance with the regulations of the Council of Labor Affairs, and the pension funds are managed by the Pension Supervisory Committee. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the Management and Utilization of Labor Pension Funds regulations.

The Group's Bank of Taiwan pension reserve account balance amounted to $58,163 at the end of the reporting period. The information used to calculate pension fund assets includes the asset allocation and yield of the fund. Please refer to the information published on the website of the Council of Labor Affairs and the Labor Pension Supervisory Committee.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group were as follows:

	2018	2017
Defined benefit obligation at January 1	$ 58,530	62,988
Current service costs and interest	969	938
Remeasurement on the net defined benefit liabilities (assets)		
－Experience adjustments arising on the actuarial gains or losses	682	(405)
－Actuarial loss (gain) arising from changes in financial assumptions	1,685	(4,991)
Defined benefit obligation at December 31	**$ 61,866**	**58,530**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	2018	2017
Fair value of plan assets at January 1	$ 54,357	52,274
Interest income	911	793
Remeasurement on the net defined benefit liabilities (assets)		
－Return on plan assets (excluding current interest)	1,275	(266)
Contribution made	1,620	1,556
Fair value of plan assets at December 31	**$ 58,163**	**54,357**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2018	2017
Net interest of net defined benefit liabilities (assets)	**$ 58**	**145**

	2018	2017
Operating costs	$ (1)	-
Selling expenses	(21)	45
Administrative expenses	82	95
Research and development expenses	(2)	5
	$ 58	**145**

5) Remeasurement on the net defined benefit liabilities (assets) recognized in other comprehensive income

The Group's remeasurement on the net defined benefit liabilities (assets) recognized in other comprehensive income as at December 31, 2018 and 2017 were as follows:

	2018	2017
Cumulative amount at January 1	$ 601	5,731
Recognized during the period	1,092	(5,130)
Cumulative amount at December 31	**$ 1,693**	**601**

6) Actuarial assumptions

The following are the Group's principal actuarial assumptions of Present Value of defined benefit obligations:

	2018	2017
Discount rate	1.375%~1.5%	1.625%~1.750%
Future salary increases	3.000%	3.000%

The Group will pay the defined benefit plans amounting to $1,641 within 1 year after the reporting date in December 31, 2018.

The weighted average duration of the defined benefit obligation is 18.05~20.32 years.

7) When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

8) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2018		
Discount rate	(2,729)	2,871
Future salary increasing rate	2,788	(2,666)
December 31, 2017		
Discount rate	(2,690)	2,832
Future salary increasing rate	2,757	(2,634)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2018 and 2017, respectively.

2. Defined contribution plans

The Group set aside 6% of the employees' monthly wages to the Labor Pension personal accounts at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act.

The Group set aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

For the years ended December 31, 2018 and 2017, the Group set aside $73,894 and $68,338, respectively, under the pension plan to the Bureau of the Labor Insurance.

(r) Income taxes

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Income tax expense recognized in profits or losses

The amount of income tax was as follows:

	For the years ended December 31, 2018	2017
Current income tax expense:		
Current period	$ 96,149	186,078
Adjustment for prior periods	(15,798)	(15,215)
	80,351	170,863
Deferred tax benefit:		
Origination and reversal of temporary differences	(8,133)	(1,212)
Increase in tax rate	(5,148)	-
	(13,281)	(1,212)
Income tax expense	**$ 67,070**	**169,651**

Income tax expense (benefit) recognized in other comprehensive income:

	For the years ended December 31, 2018	2017
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement from defined benefit plans	**$ 631**	**(872)**

The reconciliation of income tax and loss before tax was as follows:

	2018	2017
Loss excluding income tax	**$ (1,699,803)**	**(222,094)**
Income tax using the Company’s domestic tax rate	(730,544)	(167,234)
Permanent differences-the share of loss of domestic subsidiaries, etc.	399,702	136,226
Change in temporary differences	418,858	189,736
Over provision in prior periods	(15,798)	(15,085)
10% surtax on unappropriated earnings	-	26,008
Adjustment in tax rate	(5,148)	-
Total	**$ 67,070**	**169,651**

2. Deferred tax assets and liabilities

1) Unrecognized Deferred Tax Liabilities

For the years ended December 31, 2018 and 2017, deferred tax liabilities are not recognized for taxable temporary differences associated with investments in subsidiaries, except where the

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The relevant amounts are as follow:

	2018.12.31	2017.12.31
Consolidated amount of taxable temporary differences associated with investments in subsidiaries	$ **454,404**	**706,508**
Amounts are not recognized as deferred tax liabilities	$ **90,881**	**141,302**

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	2018.12.31	2017.12.31
Deductible Temporary Differences	$ 775	446
Tax losses	679,398	258,392
	$ **680,173**	**258,838**

The ROC Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. As the Group likely will not have enough taxable income in the future, the above losses were not recognized as deferred tax assets.

As of December 31, 2018 the Group had not recognized the prior years' loss carry-forwards as deferred tax assets. The expiry years are as follows:

Year of Occurrence	Operating Loss Carry Forwards	Year of Expiration
2010	$ 175	2020
2011	730	2021
2012	12,514	2022
2013	18,397	2023
2014	25,761	2024
2015	36,715	2025
2016	50,067	2026
2017	1,119,562	2027
2018	2,133,067	2028
	$ **3,396,988**	

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2018 and 2017 are as follows:

	Defined Benefit Plans	Unrealized Gain (Loss) of Investment	Unrealized profits of Related Company	Others	Total
Deferred Tax Liabilities:					
Balance at January 1, 2018	$ -	-	-	-	-
Debited (Credited) Income statement	645	-	-	14	659
Balance at December 31, 2018	**$ 645**	**-**	**-**	**14**	**659**
Balance at January 1, 2017	$ -	-	-	6,168	6,168
Debited (Credited) Income statement	-	-	-	(6,168)	(6,168)
Balance at December 31, 2017	**$ -**	**-**	**-**	**-**	**-**
Deferred Tax Assets:					
Balance at January 1, 2018	$ 1,232	26,651	-	2,608	30,491
(Debited) Credited Income statement	(975)	9,850	-	5,065	13,940
(Debited) Credited Other Comprehensive Income	631	-	-	-	631
Balance at December 31, 2018	**$ 888**	**36,501**	**-**	**7,673**	**45,062**
Balance at January 1, 2017	$ 2,834	25,653	4,963	2,869	36,319
(Debited) Credited Income statement	(730)	998	(4,963)	(261)	(4,956)
(Debited) Credited Other Comprehensive Income	(872)	-	-	-	(872)
Balance at December 31, 2017	**$ 1,232**	**26,651**	**-**	**2,608**	**30,491**

3. The Company’s tax returns for the years through 2016 were examined and approved by the Taipei National Tax Administration.

(s) Capital and other equity

As of December 31, 2018 and 2017, the total value of nominal ordinary shares amounted to $1,500,000. The face value of each share is $10. In total, there were both 117,159 in thousands of ordinary shares issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for the years ended December 31, 2018 and 2017 was as follows:

	Ordinary shares (in thousands of shares)	
	2018	**2017**
Balance at January 1	117,159	110,316
Stock dividends	-	6,843
Balance at December 31	**117,159**	**117,159**

1. Issuance of common stock

   On June 22, 2017, the Company's shareholders resolved to capitalize its unappropriated retained earnings of $68,434, with a total of 6,843 thousand shares issued at par value. The capital increase was effective on August 2, 2017, with all registration amendments completed.

2. Capital surplus

   The balance of additional paid-in capital was as follows:

	2018.12.31	**2017.12.31**
Share capital	$ 2,484,507	2,484,507
Difference between consideration and carrying amount of subsidiaries acquired or disposed	8,643	8,643
Changes in equity of subsidiaries	14,273	14,309
	$ 2,507,423	**2,507,459**

   In accordance with the Company Act as amended in January 2012, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

3. Retained earnings

   The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The Company adopts the residual dividend policy；the residual earnings will be distributed by cash dividends before the Company fulfills the funding needs, and the ratio for stock dividend shall not exceed 80% of the total distribution.

The amounts of distribution, the kinds of dividend, and the ratio for dividend depend on the actual profit and capital status of the Company. The distribution will be resolved by the Board of Directors and submitted to the stockholders' meeting for approval.

1) Legal reserve

In accordance with the Company Act as amended in 2012, 10 percent of net income should be set aside as statutory earnings reserve until it is equal to share capital. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve, either by new shares or by cash, of up to 25 percent of the actual share capital.

2) Special reserve

In accordance with Permit No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net reduction of current-period special earnings reserve resulting from first-time adoption of IFRS and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to first-time adoption of IFRS. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On June 13, 2018, the shareholders resolved not to appropriate the 2017 earnings in the general meeting of the shareholders. On June 22, 2017, the shareholders resolved to distribute the 2016 earnings as follows：

	2016	
	Dividend per Share (TWD$)	**Amount**
Dividends distributed to common shareholders		
Cash	$ 4.9627	547,469
Shares	0.6203	68,434
Total		$ 615,903

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

4. Other equity, net of tax

	Exchange difference on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2018	$ (4,120)	-
Effects of retrospective application	-	39,028
Balance at January 1, 2018 after adjustments	(4,120)	39,028
Exchange differences on foreign operations	15,644	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(5,490)
Balance at December 31, 2018	**$ 11,524**	**33,538**
Balance at January 1, 2017	$ (2,781)	-
Exchange differences on foreign operations	(1,339)	-
Balance at December 31, 2017	**$ (4,120)**	**-**

5. Non-controlling Interests

	For the years ended December 31, 2018	2017
Balance at January 1	$ 437,415	752,960
Shares of non-controlling interests		
Loss for the years ended December 31, 2018/2017	(772,230)	(428,235)
Foreign currency translation differences for foreign operations	(3,246)	441
Remeasurement from defined benefit plans	(156)	343
Difference between consideration and carrying amount of subsidiaries acquired or disposed	517,932	390
Changes in ownership interests in subsidiaries	103,955	27,349
Changes in non-controlling interests	206,141	84,167
Balance at December 31	**$ 489,811**	**437,415**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(t) Share-based payment

The Group had share-based payment arrangements as follows as of December 31, 2018:

	Equity-settled Employee stock options
Fair value at grant date granted	May 25, 2017
Number of shares	33,372,000 units
Contract term	4 years
Vesting conditions	Note 1

Note 1: The Group provides 25% share option to its employee annually according to their years of service, with a maximum of 4 years and a minimum of 1 year.

1. Determining the fair value of equity instruments granted

The Group adopted the Black-Scholes Model to calculate the fair value of the stock option at grant date, and the assumptions adopted in this valuation model were as follows:

	For the year ended December 31, 2017 Employee stock option plan1
Exercise price	USD 0.09
Expected volatility (%)	28.78%~60.78%
Expected life of the option (years)	5 years
Risk-free interest rate (%)	0.95%~1.31%

2. Employee stock options

Information on aforesaid employee stock options was as follows:

(Unit: Thousands)

	For the years ended December 31,			
	2018		2017	
	Weighted-average exercise price	Numbers of options	Weighted-average exercise price	Numbers of options
Balance, beginning of January 1	USD 0.09	31,128	USD -	-
Options granted	-	-	0.09	33,372
Options forfeited	-	(2,391)	-	(2,244)
Options exercised	-	-	-	-
Options expired	-	-	-	-
Balance, end of December 31	0.09	**28,737**	0.09	**31,128**
Options exercisable, end of December 31		**7,184**	-	**-**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

3. Expenses and liabilities resulted from share-based payments

The incurred expenses from share-based payments transactions were $13,332 and $13,585 for the years ended December 31, 2018 and 2017.

(u) Earnings per share

The Group calculated the basic and diluted EPS as follows:

1. Basic earnings per share (NT dollars)

	2018	2017
(Loss) Profit attributable to common stockholders of the Company	$ **(994,643)**	**36,490**
Weighted-average number of ordinary shares	**117,159**	**117,159**
Basic earnings per share (NT dollars)	$ **(8.49)**	**0.31**

2. Diluted earnings per share (NT dollars)

	2018	2017
(Loss) Profit attributable to common stockholders of the Company	$ **(994,643)**	**36,490**
Weighted-average number of ordinary shares (basic)	117,159	117,159
Effect of employee stock compensation	-	163
Weighted-average number of ordinary shares (diluted)	**117,159**	**117,322**
Diluted earnings per share (NT Dollar)	$ **(8.49)**	**0.31**

The following items have an anti-dilutive effect, and hence they are not included in the calculation of the weighted average number of shares (diluted).

	For the years ended December 31,	
	2018	2017
Effect of employee stock compensation	**86**	**-**

(v) Revenue from contracts with customers

	2018	2017
Revenue of electronic commerce	$ 34,350,066	29,149,606
Revenue of non-electronic commerce	244,298	265,571
	$ **34,594,364**	**29,415,177**

(w) Rewards of employees, directors and supervisors

According to the Company's article, which was approved by the board on directors but yet resolved by the shareholders, the Company shall assign 1%~15% as rewards to employees, and less than 1.5% as rewards to directors and supervisors, if there are earnings during the year. However, the Company has to retain the amount while there are accumulated loss.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The employees mentioned before include the employees in the subsidiaries who meet the specific conditions.

The Group incurred losses before tax for the year ended December 31, 2018, therefore, there were no remuneration allocated to employees, directors and supervisors. The rewards to employees amounted to $12,091, and the rewards to directors and supervisors amounted to $1,357 for the years ended December 31, 2017. The remuneration to employees was no differences between the actual amounts and the estimated amounts in 2017. The remuneration to directors and supervisors was determined to be not allocated in 2017, the changes would be recognized as profit or loss in 2018. Related information would be available at the website of the Market observation post system.

(x) Non-operating income and expenses

1. Other revenue

The details of other revenue were as follows:

		2018	2017
Interest income	$	16,595	20,887
Dividend income		4,025	3,921
Others		14,135	5,793
Total other revenue	$	**34,755**	**30,601**

2. Other gains and losses, net

The details of other gains and losses were as follows:

		2018	2017
Gains on disposal of property, plant and equipment	$	540	1,139
Gains and (losses) on disposal of investments		2,583	(7,257)
Foreign currency exchange gains and (losses), net		28,249	(31,427)
Others		-	(6)
Other gains and losses, net	$	**31,372**	**(37,551)**

3. Finance costs

The details of finance cost were as follows:

		2018	2017
Interest expense	$	**24,113**	**2,520**

(y) Financial instruments

1. Credit risk

1) Credit risks exposure

The carrying amount of financial assets represents the maximum exposure to credit risk. As of December 31, 2018 and 2017, the maximum exposure to credit risk amounted to $9,005,387 and $9,903,689, respectively.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2. Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Balance at December 31, 2018							
Non-derivative financial liabilities							
Short-term borrowings	$ 300,000	300,000	250,000	50,000	-	-	-
Notes payable	773	773	773	-	-	-	-
Accounts payable	2,796,281	2,796,281	2,796,281	-	-	-	-
Other payables	438,809	438,809	438,809	-	-	-	-
Receipts under custody	1,887,958	1,887,958	1,887,958	-	-	-	-
Lease obligations payable	12,777	14,949	1,713	1,713	3,426	8,097	-
Long-term borrowings	1,350,000	1,350,000	150,000	50,000	200,000	600,000	350,000
	$ 6,786,598	**6,788,770**	**5,525,534**	**101,713**	**203,426**	**608,097**	**350,000**
Balance at December 31, 2017							
Non-derivative financial liabilities							
Short-term borrowings	$ 350,000	350,000	150,000	200,000	-	-	-
Notes payable	1,865	1,865	1,865	-	-	-	-
Accounts payable	2,861,964	2,861,964	2,861,964	-	-	-	-
Other payables	621,737	621,737	621,737	-	-	-	-
Receipts under custody	1,870,703	1,870,703	1,870,703	-	-	-	-
Lease obligations payable	14,905	18,374	1,713	1,713	3,426	11,522	-
	$ 5,721,174	**5,724,643**	**5,507,982**	**201,713**	**3,426**	**11,522**	**-**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

3. Currency risk

1) Currency risk exposure

The Group’s significant exposure to foreign currency risk was as follows:

	2018.12.31			2017.12.31		
	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 3,799	30.71	116,677	7,358	29.76	218,977
Financial liabilities						
Monetary items						
USD	314	30.71	9,639	472	29.76	14,043

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, other receivables, and accounts payable that are denominated in foreign currency.

A 5% appreciation or depreciation of the TWD against the USD as at December 31, 2018 and 2017, would have increased or decreased net income by $4,282 and $8,505, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the years ended December 31, 2018 and 2017.

Due to the variety of functional currency, the group disclosed the foreign currency gain or loss on monetary items aggregately. The foreign currency gains and losses (include realized and unrealized) were $28,249 (gain) and $31,427 (loss) for the years ended December 31, 2018 and 2017, respectively.

4. Interest analysis

The interest rate exposure of the Group's financial assets and liabilities is described in Note (6)(y) on liquidity risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the financial assets and liabilities on the reporting date.

If the interest rate increases or decreased by 0.1%, the Group's net income would increase or decrease by $4 and $4 as of December 31, 2018 and 2017. This is mainly due to the Group's borrowing and its cash and cash equivalents being at variable rates.

5.Other market price risk

For the years ended December 31, 2018 and 2017, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2018		2017	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 1%	$ 898	-	-	-
Decreasing 1%	(898)	-	-	-

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

6.Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows :

	2018.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Fair value through other comprehensive income					
Domestic stock of non-listed company	$ 89,842	-	-	89,842	89,842

2) Valuation techniques for financial instruments measured at fair value

The financial instruments held by the Group are regarded as non-quoted price of the equity instruments. The fair value of the financial instruments is estimated by the comparable listed company market approach. The major assumption is measured by the earnings multiplier which is derived from comparable listed company market approach. The effect of the estimation has been adjusted by the lack of market liquidity discounted rate.

3) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Opening balance, January 1, 2018	$ 86,560
Total gains and losses recognized:	
In other comprehensive income	(5,490)
purchasing	8,772
Ending Balance, December 31, 2018	**$ 89,842**

For the years ended December 31, 2018 and 2017, total gains and losses that were included in "unrealized gains and losses from fair value through other comprehensive income" were as follows:

	For the years ended December 31,	
	2018	2017
Total gains and losses recognized:		
In other comprehensive income, and including "unrealized gains and losses from fair value through other comprehensive income"	(5,490)	-

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group' s financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through other comprehensive income" Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Fair value through other comprehensive income	Comparable listed company market approach	·Liquidity discounted rate (13.78%~37.16%)	·The estimated fair value would increase (decrease) if the lack of liquidity discounted rate were lower (higher).

5) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

Sensitivity analysis for fair values of financial instruments using Level 3 Inputs The Company's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, the impact on the net income or loss and other comprehensive income or loss will be as follows if the valuation parameters changed:

	Input	Variation	Profit or loss: Favor-able	Profit or loss: Unfavor-able	Other comprehensive income: Favor-able	Other comprehensive income: Unfavor-able
December 31, 2018						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Liquidity discounted rate	5%	$ -	-	4,492	(4,492)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(x) Financial risk management

1. Summary

The Group's use of financial instruments is exposed to the credit, liquidity and market risks.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

2. Risk management framework

The General Manager's office has responsibility for the development and control of the Group's risk management policies and regularly reports to the Board on its operation, if necessary. The Group establishes risk management policies for the identification and analysis of the Group's exposure to risk and sets appropriate risk limits to control risk. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the operation of the Group. The Group uses advocacy, management standards and operating procedures to develop a disciplined and constructive control environment, so that all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework. The Board is assisted in its supervisory role by the internal audit staff, who undertake both regular and ad hoc reviews of risk management controls and procedures, and report the results of the review to the Board.

3. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment.

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk. However, geographically there is no concentration of credit risk.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment terms are offered. The Group's review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer, which represent the maximum open amount without requiring approval from the General Manager's office; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the General Manager's office. If customers default, the Group will stop transactions with those customers or trade on a cash basis.

The Group established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss incurred but not yet identified. The collective loss allowance is determined based on historical data on payment statistics for similar financial assets.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments is measured and monitored by the General Manager's office. The Group only deals with financial institutions, corporations and organizations with a credit rating of investment grade or higher; therefore, there are no significant doubts regarding default on the above financial instruments, and as a result, there is no significant credit risk.

3) Guarantees

The Group's policy is to provide financial guarantees only for transactions involving equity investment that is more than 50% owned, and they should be approved by the Board. As of December 31, 2018 and 2017, the Group's guarantees for non-related parties to fulfill their obligations in accordance with the service contract with its subsidiary Linktel Inc. were $4,686 and $5,935, respectively.

4. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the TWD, USD, HKD, CNY, THB and JPY. These transactions are denominated in TWD and USD.

(y) Capital management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to shareholders and other related parties, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shareholders, issue new shares or sell assets to settle any liabilities.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(7) Related-Party Transactions

(a) Ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the period covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Rakuya International Info. Co. Ltd.	Associate of the Company
PC Home Ventures Fund(I) Corporation	Other related party

(c) Related-party transactions

1.Sales

The amounts of significant sales by the Group to related parties were as follows:

	2018	2017
Associates	$ 286	-

2.Receivables from related parties

The receivables from related parties were as follows:

Item	Related party categories	2018.12.31	2017.12.31
Accounts receivable	Associates	$ 25	25
Other receivable	Associates	29	26
Other receivable	Other related party	6	6
		$ 60	57

3.Payables to related parties

Item	Related party categories	2018.12.31	2017.12.31
Other payables	Associates	$ 12	12

(d) Transactions with key management personnel

Key management personnel compensation comprised:

	2018	2017
Short-term employee benefits	$ 39,292	64,042

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(8) Restricted Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2018.12.31	2017.12.31
Deposit account-current	Security for performance, purchase guarantee and loans with certificate of deposits	$ 528,096	306,090
Refundable deposit	Security for provisional seizure, etc. and deposits for office rental	144,812	127,738
		$ 672,908	**433,828**

(9) Significant Contingencies and Commitments

(a) The agreement with a non-related party for internet phone services entered into in July 2004 was renewed on April 1, 2009. Pursuant to the newly revised agreement, the net revenue from these services is allocated each month between the parties by a set ratio. As the Company sold its internet phone services to Linktel Inc. (with 100% shareholding) on March 1, 2011, Linktel Inc. and the Company signed a contract with the non-related party in which the Company acts as the guarantor of the non-related party at all times and during the term of the agreement.

(b) As of December 31, 2018 and 2017, notes payable deposited as guarantee for commercial vehicle and office and building leases were $265,488 and $227,063, respectively.

(c) According to the “Standardized contract for telecom product or service”, the payment guarantee for Skype stored-value service should be fully provided by financial institutions. Therefore, the Group entered into an agreement with a financial institution, with having a guarantee limit of $20,000 and $40,000 as of December 31, 2018 and 2017, respectively.

(d) As of December 31, 2018 and 2017, the Group has entered into an agreement with a financial institution for providing performance guarantee for the Group on the balance amount received through the Group’s online payment processing services to online sellers; the amount of performance guarantee agreed therein are $1,884,500 and $1,148,000, respectively.

(e) As of December 31, 2018 and 2017, the Group has entered into several agreements with different financial institutions for providing performance guarantee for the Group on the balance amount received through the Group’ s online payment processing services; the amount of performance guarantee agreed therein are $1,010,000 and $900,000, respectively.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events: None.

(12) Others

(a) Employee benefits, depreciation, and amortization expenses, categorized as operating cost or expense, were as follows:

Categorized as / Nature	For the year ended December 31, 2018			For the year ended December 31, 2017		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	119,602	1,507,602	1,627,204	75,707	1,431,677	1,507,384
Labor and health insurance	10,849	127,760	138,609	16,886	119,770	136,656
Pension	4,488	69,464	73,952	3,132	65,351	68,483
Others employee benefits	4,224	52,160	56,384	2,255	55,767	58,022
Depreciation	20,275	164,054	184,329	20,474	136,529	157,003
Amortization	-	26,372	26,372	-	23,319	23,319

(13) Additional Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2018:

1. Fund financing to other parties:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short -term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limitation on fund financing (Note 3)
													Name	Value		
0	The Company	PChome Store Inc.	Other receivables	Yes	900,000	900,000	900,000	1.30%	2	-	Operating Capital	-		-	586,747	1,173,493

Note 1:For those companies with business contact, please fill in 1. For those companies with short-term financing needs, please fill in 2.

Note 2: The Company's total fund financing amount for individual party cannot exceed 20% of its net asset value.

Note 3: The Company's total fund financing amount cannot exceed 40% of its net asset value.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

2. Guarantees and endorsements for other parties:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

No. (Note 1)	Name of company	Counter-party		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent Company endorsement/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsement/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 3)										
0	The Company	Linktel Inc.	2	1,466,867	11,061	4,686	4,686	-	0.16 %	2,933,733	Y	N	N

Note 1: 0 is issuer.

Note 2: Highest balance during the period cannot exceed 50% of net asset value, and the maximum amount of endorsement cannot exceed net asset value.

Note 3: Relationship with the Company

1. The companies with which it has business relations.
2. Subsidiaries in which the company directly or indirectly holds more than 50% of its total outstanding common shares.
3. The parent company which directly or indirectly holds more than 50% of its voting rights.
4. Subsidiaries in which the company directly or indirectly holds more than 90% of its voting rights.
5. Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
7. Companies in same type of business providing guarantees of pre-sale contracts according to the regulation.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Information regarding securities held at balance sheet date:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Peak Holding	Note
				Number	Book value	Percentage	Market value	Percentage	
	Common Stock:								
PChome Online Inc.	Syspower Ltd.	-	FVOCI	744,118	18,112	3.72 %	18,112	3.72 %	
〃	Openfind Information Technology, Inc.	-	〃	800,000	24,944	6.26 %	24,944	6.26 %	
〃	Career Consulting Co., Ltd.	-	〃	113,005	1,914	0.72 %	1,914	0.72 %	
〃	Readmoo Co., Ltd.	-	〃	2,877,193	27,190	18.85 %	27,190	19.49 %	
〃	IPEVO Corp.	-	〃	1,386,822	17,682	7.36 %	17,682	7.36 %	
Linktel Inc.	Eastern Online Co., Ltd.	-	FVTPL	118,750	-	3.18 %	-	3.18 %	
〃	Taiwan Star Telecom Co., Ltd.	-	〃	3,942	-	- %	-	- %	
〃	PayEasy Ltd.	-	〃	5,437,762	-	12.51 %	-	12.51 %	
〃	17Life Ltd.	-	〃	1,126,049	-	6.26 %	-	6.26 %	

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Company name (Note 1)	Marketable Securities type and name (Note 1)	Financial statement account	Counter -party	Nature of relationship	Beginning balance		Acquisitions		Disposal				Ending balance	
					Units/shares (Thousands)	Amount	Units/shares (Thousands)	Amount	Units/shares (Thousands)	Amount	Carrying value	Gain (loss) on disposal	Units/shares (Thousands)	Amount
PChome Online Inc.	PChome Store Inc.	Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-
PChome Marketplace Inc.	〃	〃	-	-	-	-	-	-	-	-	-	-	-	-

Note 1: The market securities listed under account investment, using the equity method, is exempted from disclosure.
Note 2: The aforementioned transaction of subsidiary have been eliminated in the consolidated financial statements.

5. Acquisition of real estate for which the dollar amount reaches $300 million or : None.

6. Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.

7. Buying/selling products with the dollar amount reaches $100 million or 20% or more of paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase /Sale	Amount	Percentage of total purchases /sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
PChome Online Inc.	PChome Store Inc.	Subsidiary	Sale	(182,982)	(0.57)%	Net 30 days	-	-	3,283	0.51 %	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

8. Accounts receivable from related parties for which the dollar amount reaches $100 million or 20% or more of paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
PChome Online Inc.	PChome Store Inc.	Subsidiary	900,000	- %	-		-	-

9. Derivative transactions: None.

10. Business relationships and significant inter-company transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	PChome Online Inc.	IT Home Publications Inc.	1	Professional Service fees	1,800	Usual terms and conditions	0.01 %
0	〃	Linktel Inc.	1	Sales	4,046	〃	0.01 %
0	〃	〃	1	Professional Service fees	2,118	〃	0.01 %
0	〃	PChome eBay Co., Ltd.	1	Sales	8,063	〃	0.02 %
0	〃	〃	1	Advertisement expenses	6,600	〃	0.02 %
0	〃	PChome Store Inc.	1	Account receivables	3,283	〃	0.03 %
0	〃	〃	1	Other receivables	901,119	〃	8.08 %
0	〃	〃	1	Sales	182,982	〃	0.53 %
0	〃	〃	1	Interest revenue	7,373	〃	0.02 %
0	〃	Pi Mobile Technology Inc.	1	Account receivables	70,675	〃	0.63 %
0	〃	〃	1	Accrued expense	1,164	〃	0.01 %
0	〃	〃	1	Sales	2,901	〃	0.01 %
0	〃	〃	1	Bank charges	7,439	〃	0.02 %

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	PChome Online Inc.	PChome Express Co., Ltd.	1	Other receivables	7,965	Usual terms and conditions	0.07 %
0	〃	〃	1	Accrued expense	4,152	〃	0.04 %
0	〃	〃	1	Other income	4,349	〃	0.01 %
0	〃	Cornerstone Ventures Co., Ltd.	1	Other receivables	1,205	〃	0.01 %
0	〃	PChome Trading (Shenzhen) Ltd.	1	Other receivables	3,944	〃	0.04 %

Note 1: For the inter-company business relationship and transaction condition in the "No." column, the labeling method is as follows:

1. Parent company labeled 0.
2. Subsidiaries labeled in number sequence from 1.

Note 2: Relationship is classified into three types:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

Note 4: The Group did not disclose transactions for which the dollar amount did not reach $1,000 thousand.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(b) Information on investees:

For the years ended December 31, 2018, the following was the information on investees (excluding investees in Mainland China) :

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
PChome Online Inc.	IT Home Publications Inc.	Taiwan	Magazine publication	30,000	30,000	5,014,802	100.00 %	51,284	100.00 %	478	478	Note
〃	Linktel Inc.	〃	Type II Telecommunications Business	125,000	125,000	17,325,940	100.00 %	103,890	100.00 %	(6,169)	(6,169)	〃
〃	PC Home Online International Co., Ltd.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	6,648	100.00 %	(2,030)	(2,030)	〃
〃	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	45,199	45,199	2,411,315	21.03 %	8,215	21.03 %	(7,155)	(1,505)	〃
〃	PChome Store Inc.	〃	Internet services	326,494	84,770	18,435,220	34.35 %	(335,385)	53.52 %	(2,031,549)	(800,674)	〃
〃	PChomePay Inc.	〃	Online payment processing services	180,000	180,000	18,000,000	21.18 %	121,812	21.18 %	(72,608)	(15,378)	〃
〃	PChome US Inc.	United States of America	E-commerce platform	134,065	124,378	45,800,000	91.97 %	12,781	91.97 %	(2,526)	(2,319)	〃
〃	eCommerce Group Co., Ltd.	British Virgin Islands	Investment activities	1,069,297	2,089,037	349,508,366	100.00 %	450,961	100.00 %	(407,818)	(407,818)	〃

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

				Initial investment (Amount)		Ending balance						
Name of investor	Name of investee	Location	Major operations	Ending balance	Beginning balance	Shares	Ratio of shares	Book value	Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Note
PChome Online Inc.	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	60,000	20,000	6,000,000	100.00 %	3,969	100.00 %	(42,954)	(42,954)	Note
〃	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	66,200	66,200	6,500,000	65.00 %	27,510	65.00 %	(16,450)	(10,692)	〃
〃	PChome Travel Inc.	Taiwan	Travel agency business	36,000	6,000	3,600,000	100.00 %	32,055	100.00 %	(3,182)	(3,182)	〃
〃	PChome Financial Technology Inc.	〃	Information service	80,000	80,000	8,000,000	100.00 %	74,527	100.00 %	(1,003)	(1,003)	〃
〃	PChome Holding Inc.	British Virgin Islands	Investment activities	1,169,090	-	385,000,000	100.00 %	(170,247)	100.00 %	(4,434)	(4,434)	〃
〃	PChome Express Co., Ltd.	Taiwan	Transportation and logistics	200,000	-	20,000,000	100.00 %	197,579	100.00 %	(2,421)	(2,421)	〃
〃	Chunghwa PChome Fund 1 Co., Ltd.	〃	Investment activities	200,000	-	20,000,000	50.00 %	198,974	50.00 %	(2,052)	(1,026)	〃
〃	Cornerstone Ventures Co., Ltd.	〃	Investment activities	5,100	-	510,000	51.00 %	4,952	51.00 %	(291)	(148)	〃
IT Home Publications Inc.	Yiabi Inc.	〃	Information processing and provision of electronic information	5,000	5,000	500,000	100.00 %	709	100.00 %	(705)	(705)	〃
Linktel Inc.	Rakuya International Info. Co. Ltd.	〃	Real estate business, and internet information rental service	6,238	6,238	623,800	5.44 %	2,125	5.44 %	(7,155)	(389)	〃
PChome eBay Co., Ltd.	PChomePay Inc.	〃	Online payment processing services	205,200	205,200	20,520,000	24.14 %	138,836	24.14 %	(72,608)	(17,528)	〃
〃	PChome Store Inc.	〃	Internet services	632,258	632,258	11,896,486	22.16 %	(90,075)	34.54 %	(2,031,549)	(700,763)	〃
PChome Store Inc.	PChomePay Inc.	〃	Online payment processing services	288,000	288,000	28,800,000	33.88 %	194,853	33.88 %	(72,608)	(24,615)	〃
PChomePay Inc.	Pay and Link Inc.	〃	Electronic payment business	500,388	500,388	50,100,000	100.00 %	394,815	100.00 %	(38,592)	(38,592)	〃
〃	Zhen Jain Lian International Co., Ltd.	〃	Online payment processing services	3,000	3,000	300,000	100.00 %	2,676	100.00 %	(57)	(57)	〃
〃	Yin Te Lian International Co., Ltd.	〃	〃	3,000	3,000	300,000	100.00 %	2,676	100.00 %	(57)	(57)	〃
〃	Yun Tung Bao International Co., Ltd.	〃	〃	3,000	3,000	300,000	100.00 %	2,676	100.00 %	(57)	(57)	〃
PC Home Online International Co., Ltd.	PChome Online Inc.	Cayman Islands	International trade and investment activities	25,311	25,311	10,000,000	100.00 %	7,894	100.00 %	(1,943)	(1,943)	〃
PChome Online Inc.	PC Home Online (HK) Ltd.	Hong Kong	Information service and indirect investment activities	25,140	25,140	5,641,239	100.00 %	9,780	100.00 %	(1,764)	(1,764)	〃
PC Home Online (HK) Ltd.	Ruten Japan KK	Japan	Information processing and provision of electronic information	5,438	5,438	2,000,000	8.17 %	2,929	100.00 %	(27,416)	(2,269)	〃
ECOMMERCE GROUP CO., LTD.	Ruten Global Inc.	Cayman Islands	Investment activities	831,606	2,090,181	266,063,307	100.00 %	532,985	100.00 %	(429,103)	(429,103)	〃
Ruten Global Inc.	EC Global Limited	Hong Kong	〃	22,740	22,740	7,494,642	100.00 %	3,990	100.00 %	(1,266)	(1,266)	〃
〃	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	779,688	27,300,000	65.00 %	391,807	65.00 %	(636,205)	(413,533)	〃
〃	Ruten Japan KK	Japan	〃	27,040	27,040	9,994,850	40.83 %	14,638	83.33 %	(27,416)	(11,493)	〃
〃	Ruten Singapore Pte. Ltd.	Singapore	〃	63,045	63,045	20,800,000	65.00 %	61,846	65.00 %	315	205	〃

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
PChome Holding Inc.	PChome Marketplace Inc.	Cayman Islands	Investment activities	585	-	38,335,000	100.00 %	1,170,988	100.00 %	(4,798)	(4,798)	Note
PChome Marketplace Inc.	PChome Japan KK	Japan	Information processing and provision of electronic information	119,330	-	43,500,000	100.00 %	116,780	100.00 %	(2,161)	(2,054)	〃
〃	PChome Store Inc.	Taiwan	Internet services	998,758	-	19,206,893	35.78 %	991,171	35.78 %	(2,031,549)	(2,696)	〃

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan (R.O.C.)	Investment Flows		Accumulated Outflow of Investment from Taiwan	Net income (loss) of the investee	Percentage of Ownership	Peak Holding Percentage	Investment Income (Loss) Recognized (Note 2(2))	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow							
Shanghai Todo Inc.	Software and internet technical consulting service	4,607	(2)	4,607	-	-	4,607	800	100.00 %	100.00 %	800	2,659	-
PChome Trading (Shenzhen) Ltd.	International trading E-commerce	10,749	(2)	10,749	-	-	10,749	(721)	100.00 %	100.00 %	(721)	(4,378)	-

2. Limitation on investment in Mainland China:

Company	Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period (Note 3)	Approved investment (amount) by Ministry of Economic Affairs Investment Commission(Note 3)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission (Note 4)
The Company	15,356	59,271	2,054,126

Note 1: Investments in Mainland China are differentiated by the following five methods:
(1) Direct investment in Mainland China with remittance through a third region
(2) Incorporation of an investee company in a third region and indirect re-investment in Mainland China through the new entity.
(3) Indirect investment in Mainland China through an existing investee company in a third region.
(4) Direct investment in Mainland China
(5) Other methods

Note 2: Recognition of investment gain or loss during current period is determined by the financial statement compiled by investee.

Note 3: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 30.71 at the year ended December 31, 2018.

Note 4: The upper limit on investment was the greater of 60% of the individual or consolidated total net worth.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Significant transactions: None.

(14) Segment Information

(a) General information

The Group's reportable segments are the E-Commerce-Sales segment, Market Place segment and other segment. The E-Commerce-Sales segment is the revenue collection from the online platform from the sale of goods. The other segment is the revenue generated from the online platform to provide search engine services, and telecommunication and communication services.

The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(b) Information about profit or loss, and assets and liabilities

The Group's segment report amounts were consistent with the Group CEO's internal management reports. There was no material inconsistency between the accounting policies of the operating segments and the accounting policies described in note 4. The Group uses operating income as the measurement for segment profit and the basis for performance assessment. The inter-company transaction price was the same as that with other customers. The price was based on the market value.

The Group's regional financial information was as follows:

2018	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 31,913,999	2,416,370	263,995	-	34,594,364
Inter-company revenue	199,666	12,712	20,342	(232,720)	-
Total Revenue	**$ 32,113,665**	**2,429,082**	**284,337**	**(232,720)**	**34,594,364**
Reportable Segment net operating income (loss)	**$ 326,915**	**(1,887,847)**	**(170,268)**	**4,356**	**(1,726,844)**
Income tax expense (benefit)	$ 46,851	20,384	(165)	-	67,070
Depreciation and Amortization	174,021	28,699	7,981	-	210,701
Reportable segment assets	**$ 7,376,837**	**2,695,527**	**5,032,910**	**(3,947,593)**	**11,157,681**
Reportable segment liabilities	**$ 4,443,104**	**3,061,817**	**1,369,631**	**(1,140,415)**	**7,734,137**
2017					
Revenue:					
Non-inter-company revenue	$ 26,888,047	2,210,565	316,565	-	29,415,177
Inter-company revenue	77,806	18,098	6,951	(102,855)	-
Total Revenue	**$ 26,965,853**	**2,228,663**	**323,516**	**(102,855)**	**29,415,177**
Reportable Segment net operating income (loss)	**$ 790,239**	**(873,933)**	**(126,530)**	**70**	**(210,154)**
Income tax expense (benefit)	$ 126,322	47,394	(4,065)	-	169,651
Depreciation and Amortization	146,770	25,429	8,123	-	180,322
Reportable segment assets	**$ 8,272,872**	**2,765,504**	**4,308,235**	**(3,729,155)**	**11,617,456**
Reportable segment liabilities	**$ 3,555,876**	**1,941,656**	**1,197,957**	**(232,444)**	**6,463,045**

(c) Enterprise-wide Disclosures

1.Information about Products and Services

The Consolidated Company reports revenues from external customers for each product and service or each group of similar products and services for the enterprise as follows:

Product and Service	**2018**	**2017**
Revenue of electronic commerce	$ 34,350,066	29,149,606
Other	244,298	265,571
Total	**$ 34,594,364**	**29,415,177**

2.Information about Geographic Areas: None.

3.Information about Major Customers: None.