Stock Code:8044

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2019 and 2018

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Table Of Contents

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Independent Auditors' Review Report

To the Board of Directors of PChome Online Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of the PChome Online Inc. and its subsidiaries (the "Group") of September 30, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the nine months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to $1,229,626 thousand and $931,410 thousand, each constituting 8% of the consolidated total assets as of September 30, 2019 and 2018, respectively; the total liabilities amounting to $185,105 thousand and $165,251 thousand, each constituting 2% of the consolidated total liabilities as of September 30, 2019 and 2018, respectively, and the total comprehensive loss amounting to $49,535 thousand, $25,195 thousand, $26,351 thousand and $22,775 thousand, constituting (104)%, 8%, (18)% and 1% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2019 and 2018, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of $42,608 thousand and $32,385 thousand as of September 30, 2019 and 2018, respectively, and its share of loss of associates and joint ventures accounted for using equity method on these investee companies of $4,422 thousand, $3,674 thousand, $13,861 thousand and $9,777 thousand for the three months and nine months ended September 30, 2019 and 2018, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Emphasis of Matter

As stated in Note 3(a), the Group initially adopted the IFRS 16, "Leases" on January 1, 2019 and applied the modified retrospective approach, with no restatement of comparative period amounts. Our conclusion is not qualified in respect of this matter.

The engagement partners on the review resulting in this independent auditors' review report are Chung-Yi Chiang and Tsao-Jen Wu.

KPMG

Taipei, Taiwan (Republic of China)
November 12, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2019 AND 2018

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2019, December 31, 2018, and September 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019.9.30		2018.12.31		2018.9.30	
	ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Assets:						
1100	Cash and cash equivalents (Note (6)(a))	$ 6,318,303	42	6,881,162	61	7,167,633	65
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	21,616	-	-	-	-	-
1150	Notes receivable, net (Note (6)(d))	1,256	-	112	-	1,294	-
1170	Accounts receivable, net (Notes (6)(d) and (7))	690,429	5	634,691	6	517,144	5
1196	Lease receivables (Notes (6)(d) and (7))	8,064	-	-	-	-	-
1200	Other receivables, net (Notes (6)(d) and (7))	1,163,774	8	726,672	7	669,028	6
1300	Inventories (Note (6)(e))	1,502,798	10	1,250,825	11	1,066,821	10
1476	Other current financial assets (Note (8))	522,165	3	528,096	5	477,944	4
1479	Other current assets, others	271,168	2	213,585	2	238,653	2
1481	Current asset recognized as right to recover products from customers	24,813	-	29,958	-	23,069	-
		10,524,386	70	10,265,101	92	10,161,586	92
	Non-Current Assets:						
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	36,983	-	-	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	187,181	1	89,842	1	86,462	1
1550	Investments accounted for using equity method (Note (6)(f))	42,608	-	27,908	-	32,385	-
1600	Property, plant and equipment (Note (6)(i))	563,676	4	541,005	5	541,057	5
1755	Right-of-use assets (Note (6)(j))	3,078,774	22	-	-	-	-
1780	Intangible assets (Notes (6)(g) and (6)(k))	144,555	1	28,224	-	32,426	-
1840	Deferred tax assets	45,085	-	45,062	1	35,778	-
1960	Non-current prepayments for investments (Note (6)(l))	163,473	1	-	-	-	-
1975	Net defined benefit asset, non-current	4,081	-	3,228	-	-	-
1980	Other non-current financial assets(Note (8))	144,353	1	144,812	1	136,776	2
1990	Other non-current assets, others	54,174	-	15,727	-	34,857	-
		4,464,943	30	895,808	8	899,741	8
	Total assets	**$ 14,989,329**	**100**	**11,160,909**	**100**	**11,061,327**	**100**

		2019.9.30		2018.12.31		2018.9.30	
	LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:						
2100	Short-term borrowings (Note (6)(m))	$ 590,000	4	200,000	2	200,000	2
2130	Current contract liabilities (Note (6)(n))	432,455	3	399,708	4	406,113	4
2150	Notes payable	1,752	-	773	-	3,859	-
2170	Accounts payable	2,834,170	19	2,796,281	25	2,726,947	25
2200	Other payables	771,610	5	727,544	7	700,210	6
2230	Current tax liabilities	56,502	-	23,632	-	-	-
2280	Current lease liabilities (Note (6)(p))	506,024	4	-	-	-	-
2300	Other current liabilities (Notes (6)(n) and (6)(r))	454,845	3	100,698	1	23,296	-
2320	Total long-term liabilities, current portion (Note (6)(o))	200,000	1	200,000	2	100,000	1
2335	Receipts under custody (Note (6)(n))	1,682,356	11	1,887,958	17	1,977,879	18
2365	Current refund liabilities (Note (6)(n))	27,115	-	32,510	-	25,219	-
		7,556,829	50	6,369,104	58	6,163,523	56
	Non-Current liabilities:						
2541	Long-term bank loans (Note (6)(o))	1,200,000	8	1,350,000	12	1,650,000	15
2570	Deferred tax liabilities	660	-	659	-	-	-
2580	Non-current lease liabilities (Note (6)(p))	2,606,132	18	-	-	-	-
2640	Net defined benefit liability, non-current	6,583	-	6,931	-	2,993	-
2670	Other non-current liabilities, others (Note (6)(r))	614	-	10,671	-	11,267	-
		3,813,989	26	1,368,261	12	1,664,260	15
	Total liabilities	11,370,818	76	7,737,365	70	7,827,783	71
	Equity attributable to owners of parent (Note (6)(u)):						
	Share capital:						
3110	Ordinary share	1,171,595	8	1,171,595	10	1,171,595	11
3200	Capital surplus	1,720,640	12	2,507,423	22	2,506,856	23
	Retained earnings:						
3310	Legal reserve	-	-	408,184	4	408,184	4
3320	Special reserve	-	-	4,120	-	4,120	-
3350	Unappropriated retained earnings (accumulated loss)	67,388	-	(1,202,651)	(11)	(868,097)	(9)
	Other equity interest:						
3410	Exchange differences on translation of foreign financial statements	31,850	-	11,524	-	590	-
3420	Unrealized gains from financial assets measured at fair value through other comprehensive income	45,877	-	33,538	-	30,158	-
	Total equity attributable to owners of parent:	3,037,350	20	2,933,733	25	3,253,406	29
36XX	**Non-controlling interests (Notes 6(h) and 6(u))**	581,161	4	489,811	5	(19,862)	-
	Total equity	3,618,511	24	3,423,544	30	3,233,544	29
	Total liabilities and equity	**$ 14,989,329**	**100**	**11,160,909**	**100**	**11,061,327**	**100**

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

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

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

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months and the nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended September 30,				For the nine months ended September 30,			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4111	**Sales revenue**	$ 9,583,087	101	8,338,274	102	27,849,780	101	24,597,553	101
4170	Less: Sales returns	128,777	1	122,282	2	366,074	1	347,955	1
	Operating revenue, net (Note (6)(x))	9,454,310	100	8,215,992	100	27,483,706	100	24,249,598	100
5000	**Operating costs (Note (6)(e))**	8,303,809	88	7,185,109	87	24,125,684	88	21,123,367	87
	Gross profit from operations	1,150,501	12	1,030,883	13	3,358,022	12	3,126,231	13
	Operating expenses:								
6100	Selling expenses	834,736	9	1,148,405	14	2,526,375	9	4,343,740	18
6200	Administrative expenses	89,685	1	68,032	1	257,028	1	228,623	1
6300	Research and development expenses	121,201	1	104,013	2	349,166	1	261,321	1
6450	Expected credit loss (gain)(Note (6)(d))	83	-	(9)	-	15	-	(315)	-
	Total operating expenses	1,045,705	11	1,320,441	17	3,132,584	11	4,833,369	20
6500	**Net other income**	583	-	-	-	961	-	-	-
	Net operating income (loss)	105,379	1	(289,558)	(4)	226,399	1	(1,707,138)	(7)
	Non-operating income and expenses (Note (6)(z)):								
7010	Other income	11,404	-	6,256	-	23,978	-	20,099	-
7020	Other gains and losses, net	807	-	336	-	1,921	-	30,311	-
7050	Finance costs	(15,774)	-	(7,706)	-	(47,728)	-	(17,808)	-
7060	Share of loss of associates and joint ventures accounted for using equity method, net	(4,422)	-	(3,674)	-	(13,861)	-	(9,777)	-
	Total non-operating income and expenses	(7,985)	-	(4,788)	-	(35,690)	-	22,825	-
	Profit (loss) from continuing operations before tax	97,394	1	(294,346)	(4)	190,709	1	(1,684,313)	(7)
7950	**Less: Tax expense (Note (6)(t))**	45,782	-	5,877	-	75,647	-	46,508	-
	Profit (loss) from continuing operations	51,612	1	(300,223)	(4)	115,062	1	(1,730,821)	(7)
	Other comprehensive income (loss):								
8310	**Components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss**								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss)	2,153	-	(7,039)	-	12,339	-	(8,870)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	319	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	2,153	-	(7,039)	-	12,339	-	(8,551)	-
8360	**Other components of other comprehensive income (loss) that will not be reclassified to profit or loss**								
8361	Exchange differences on translation	(5,950)	-	82	-	20,807	-	5,424	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	(5,950)	-	82	-	20,807	-	5,424	-
	Other comprehensive income (loss), net of tax	(3,797)	-	(6,957)	-	33,146	-	(3,127)	-
8500	**Total comprehensive income (loss)**	**$ 47,815**	**1**	**(307,180)**	**(4)**	**148,208**	**1**	**(1,733,948)**	**(7)**
	Profit (loss), attributable to:								
8610	Profit (loss), attributable to owners of parent	$ 55,919	1	(189,285)	(2)	128,549	1	(984,217)	(4)
8620	Loss, attributable to non-controlling interests	(4,307)	-	(110,938)	(2)	(13,487)	-	(746,604)	(3)
		$ 51,612	**1**	**(300,223)**	**(4)**	**115,062**	**1**	**(1,730,821)**	**(7)**
	Comprehensive income (loss) attributable to:								
8710	Comprehensive income (loss), attributable to owners of parent	$ 53,184	1	(196,680)	(2)	161,214	1	(988,058)	(4)
8720	Comprehensive loss, attributable to non-controlling interests	(5,369)	-	(110,500)	(2)	(13,006)	-	(745,890)	(3)
		$ 47,815	**1**	**(307,180)**	**(4)**	**148,208**	**1**	**(1,733,948)**	**(7)**
	Earnings per share (Note (6)(w))								
9750	**Basic earnings per share (NT dollars)**	**$**	**0.48**		**(1.62)**		**1.10**		**(8.40)**
9850	**Diluted earnings per share (NT dollars)**	**$**	**0.48**		**(1.62)**		**1.10**		**(8.40)**

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

(English Translation of Consolidated Financial Statements 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 nine months ended September 30, 2019 and 2018

(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, 2018	$ 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 nine months ended September 30, 2018	-	-	-	-	(984,217)	-	-	(984,217)	(746,604)	(1,730,821)
Other comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	319	4,710	(8,870)	(3,841)	714	(3,127)
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	(983,898)	4,710	(8,870)	(988,058)	(745,890)	(1,733,948)
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	-	(603)	-	-	-	-	-	(603)	288,613	288,010
Balance at September 30, 2018	**$ 1,171,595**	**2,506,856**	**408,184**	**4,120**	**(868,097)**	**590**	**30,158**	**3,253,406**	**(19,862)**	**3,233,544**
Balance at January 1, 2019	$ 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
Loss for the nine months ended September 30, 2019	-	-	-	-	128,549	-	-	128,549	(13,487)	115,062
Other comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	20,326	12,339	32,665	481	33,146
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	128,549	20,326	12,339	161,214	(13,006)	148,208
Appropriation and distribution of retained earnings:										
Legal reserve used to offset accumulated deficits	-	-	(408,184)	-	408,184	-	-	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(4,120)	4,120	-	-	-	-	-
Capital surplus used to offset accumulated deficits	-	(790,347)	-	-	790,347	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(61,161)	-	-	(61,161)	61,161	-
Changes in ownership interests in subsidiaries	-	3,564	-	-	-	-	-	3,564	(16,805)	(13,241)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	60,000	60,000
Balance at September 30, 2019	**$ 1,171,595**	**1,720,640**	**-**	**-**	**67,388**	**31,850**	**45,877**	**3,037,350**	**581,161**	**3,618,511**

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

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

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

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ 190,709	(1,684,313)
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	530,587	135,987
Amortization expense	19,834	20,035
Expected credit loss (gain)	15	(315)
Interest expense	47,728	17,808
Interest income	(8,445)	(11,814)
Dividend income	(5,263)	(4,025)
Share-based payments of subsidiaries	306	11,769
Share of loss of associates and joint ventures accounted for using equity method	13,861	9,777
Gain (loss) on disposal of property, plant and equipment	4	(286)
Gain on disposal of investments	-	(2,583)
Total adjustments to reconcile profit	598,627	176,353
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(1,144)	1,889
Accounts receivable	(55,753)	(78,989)
Lease receivable	2,208	-
Other receivable	(429,723)	(51,717)
Inventories	(251,973)	(105,293)
Other current assets	(50,719)	(157,935)
Other financial assets	(2,049)	(183,755)
Net defined benefit assets	(854)	-
Current asset recognized as right to recover products from customers	5,145	5,262
Total changes in operating assets	(784,862)	(570,538)
Changes in operating liabilities:		
Contract liabilities	32,747	83,843
Notes payable	979	1,994
Accounts payable	37,889	(163,350)
Other payable	40,933	(164,195)
Receipts in advance	(205,602)	107,176
Other current liabilities	359,661	12,638
Net defined benefit liabilities	(348)	(1,154)
Current refund liabilities	(5,395)	(5,797)
Other non-current liabilities	(1,706)	(2,631)
Total changes in operating liabilities	259,158	(131,476)
Total changes in operating assets and liabilities	(525,704)	(702,014)
Total adjustments	72,923	(525,661)
Cash flow generated from (used in) operations	263,632	(2,209,974)
Interest received	9,764	10,308
Dividends received	5,263	4,025
Interest paid	(47,463)	(15,773)
Income taxes paid	(51,186)	(161,185)
Net cash flows from (used in) operating activities	180,010	(2,372,599)
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(85,000)	(8,772)
Acquisition of financial assets designated at fair value through profit or loss	(58,599)	-
Acquisition of investments accounted for using equity method	(27,460)	-
Increase in prepayments for investments	(163,473)	-
Net cash flow from acquisition of subsidiaries	(99,938)	-
Acquisition of property, plant and equipment	(159,748)	(138,057)
Proceeds from disposal of property, plant and equipment	21	43
Acquisition of intangible assets	(34,108)	(2,064)
Other non-current assets	(38,847)	(28,474)
Acquisition of non-controlling interests	-	(241,724)
Other investing activities	-	(16,432)
Net cash flows used in investing activities	(667,152)	(435,480)
Cash flows from financing activities:		
Short-term loans	390,000	(150,000)
Long-term debt	-	1,750,000
Repayments of long-term debt	(150,000)	-
Payment of lease liabilities	(381,472)	-
Change in non-controlling interests	60,000	-
Net cash flows (used in) from financing activities	(81,472)	1,600,000
Effect of exchange rate changes on cash and cash equivalents	5,755	5,445
Net decrease in cash and cash equivalents	(562,859)	(1,202,634)
Cash and cash equivalents at beginning of period	6,881,162	8,370,267
Cash and cash equivalents at end of period	$ **6,318,303**	**7,167,633**

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.

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

The Board of Directors approved and issued the consolidated financial statements on November 12, 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, 2019.

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.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below:

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note (4)(c).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

A. Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

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

b. Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

c. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

d. Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

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

e. Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

B. Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

3) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset. On transition, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Group concluded that the sub-lease is a finance lease under IFRS 16.

4) Impacts on financial statements

On transition to IFRS 16, the Group recognized additional $3,350,697 thousands of right-of-use assets and $3,371,759 thousands of lease liabilities. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 1.20%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	$ 2,232,871
Extension and termination options reasonably certain to be exercised	1,306,691
	3,539,562
Discounted using the incremental borrowing rate at January 1, 2019	3,371,759
Finance lease liabilities recognized as at December 31, 2018	12,777
Lease liabilities recognized at January 1, 2019	**$ 3,384,536**

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

(b) The impact of IFRS endorsed by FSC but not yet effective

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, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(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 International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
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 IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020

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

(4) Significant Accounting Policies

(a) Statement of compliance

The consolidated interim 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 interim financial statements, the Chinese version shall prevail.

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2018. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2018.

(b) Business combination

1.List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding 2019.9.30	2018.12.31	2018.9.30	Note
The Company	PChome Store Inc.	Internet services	34.35 %	34.35 %	53.52 %	
〃	Linktel Inc.	Type II Telecommunications Business	100.00 %	100.00 %	100.00 %	Note 1
〃	PChomePay Inc.	Online payment processing services	55.06 %	21.18 %	21.18 %	
〃	IT Home Publications Inc.	Magazine publication	100.00 %	100.00 %	100.00 %	Note 1
〃	PChome US Inc.	E-commerce platform	91.97 %	91.97 %	91.97 %	〃
〃	PC Home Online International Co., Ltd.	International trade and investment activities	100.00 %	100.00 %	100.00 %	〃
〃	eCommerce Group Co., Ltd.	Investment activities	100.00 %	100.00 %	100.00 %	
〃	Pi Mobile Technology Inc.	Online payment processing services	100.00 %	100.00 %	100.00 %	
〃	PChome (Thailand) Co., Ltd.	E-commerce platform	65.00 %	65.00 %	65.00 %	Note 1
〃	PChome Travel Inc.	Travel agency business	100.00 %	100.00 %	100.00 %	〃
〃	PChome Financial Technology Inc.	Information service	100.00 %	100.00 %	100.00 %	〃
〃	PChome Holding Inc.	Investment activities	100.00 %	100.00 %	100.00 %	〃
〃	PChome Express Co., Ltd.	Transportation and logistics	100.00 %	100.00 %	100.00 %	Notes 3
〃	Chunghwa PChome Fund 1 Co., Ltd.	Investment activities	50.00 %	50.00 %	- %	Notes 1 and 4
〃	Cornerstone Ventures Co., Ltd.	Investment activities	51.00 %	51.00 %	- %	Notes 1 and 5
〃	PChome CB Co., Ltd.	Cross-border e-commerce services	70.00 %	- %	- %	Note 6

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

Name of investor	Name of subsidiary	Principal activity	Shareholding 2019.9.30	Shareholding 2018.12.31	Shareholding 2018.9.30	Note
PChome eBay Co., Ltd.	PChomePay Inc.	Online payment processing services	24.14 %	24.14 %	24.14 %	Note 2
〃	PChome Store Inc.	Internet services	22.16 %	22.16 %	34.54 %	
PChome Store Inc.	PChomePay Inc.	Online payment processing services	- %	33.88 %	33.88 %	Note 2
PChomePay Inc.	Pay and Link Inc.	Electronic payment business	100.00 %	100.00 %	100.00 %	
〃	Zhen Jin Lian International Co., Ltd.	Online payment processing services	100.00 %	100.00 %	100.00 %	Note 1
〃	Yin Te Lian International Co., Ltd.	〃	100.00 %	100.00 %	100.00 %	〃
〃	Yun Tung Bao International Co., Ltd.	〃	100.00 %	100.00 %	100.00 %	〃
IT Home Publications Inc.	Yiabi Inc.	Information processing and provision of electronic information	- %	100.00 %	100.00 %	Note 9
PC Home Online International Co., Ltd.	PChome Online Inc.	International trade and investment activities	100.00 %	100.00 %	100.00 %	Note 1
eCommerce Group Co., Ltd.	Ruten Global Inc.	Investment activities	100.00 %	100.00 %	100.00 %	
PChome Online Inc.	PC Home Online (HK) Ltd.	Information service and indirect investment activities	100.00 %	100.00 %	100.00 %	Note 1
Ruten Global Inc.	EC Global Limited	Investment activities	100.00 %	100.00 %	100.00 %	〃
〃	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	65.00 %	65.00 %	
〃	Ruten Singapore Pte. Ltd.	〃	65.00 %	65.00 %	65.00 %	Note 1
PC Home Online (HK) Ltd.	Shanghai Todo Inc.	Software and internet technical consulting service	100.00 %	100.00 %	100.00 %	〃
EC Global Limited	PChome Trading (Shenzhen) Ltd.	International trading E-commerce	100.00 %	100.00 %	100.00 %	〃
PChome Holding Inc.	PChome Marketplace Inc.	Investment activities	100.00 %	100.00 %	100.00 %	〃

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

Name of investor	Name of subsidiary	Principal activity	Shareholding 2019.9.30	2018.12.31	2018.9.30	Note
PChome Marketplace Inc.	PChome Japan KK	International trading E-commerce	100.00 %	100.00 %	100.00 %	Note 1
〃	PChome Store Inc.	Internet services	35.78 %	35.78 %	- %	
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	Internet services	100.00 %	- %	- %	Note 7
〃	PCHOME CB PTE. LTD.	Internet services	100.00 %	- %	- %	Note 8

Note 1: The financial statements of the non-significant subsidiaries have not been reviewed.

Note 2: The Group holds more than 50% of its outstanding equity shares. Therefore, it was included in the consolidated financial statement.

Note 3: The subsidiary was established on October 18, 2018.

Note 4: The subsidiary was established on October 23, 2018.

Note 5: The subsidiary was established on October 30, 2018.

Note 6: The subsidiary was established on June 10, 2019.

Note 7: The subsidiary was acquired on July 1, 2019.

Note 8: The subsidiary was established on September 5, 2019.

Note 9: The subsidiary was dissolved on August 16, 2019.

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

(c) Leases (applicable from January 1, 2019)

1. Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of an asset if either:

·the Group has the right to operate the asset; or

·the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

2.As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) Fixed payments;

2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) Amounts expected to be payable under a residual value guarantee; and

4) Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change of its assessment on a purchase option; or

4) there is a change of its assessment on whether it will exercise an extension or termination option; or

5) there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

(d) Employee benefits

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(e) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

When tax rate changes during the interim period, the effect of the change in tax rate relating to transactions recognized outside scope of profit or loss is recognized in full in the period in which the change in tax rate occurs. The effect of the change in tax rate relating to transactions recognized in profit or loss is incorporated into estimation of the average annual income tax rate, with corresponding effect recognized throughout the interim periods.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(f) Business combination

Goodwill is measured at the consideration transferred less the amounts of the identifiable assets acquired and liabilities assumed (generally at fair value) at the acquisition date. If the amount of net assets acquired and liabilities assumed exceeds the acquisition price, the Group reassesses whether it has correctly identified all of the assets acquired and liabilities assumed, and recognizes a gain for the excess.

All transaction costs relating to a business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

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

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

The preparation of the consolidated interim financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and 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 principles of preparation of the consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with note 5 of the consolidated interim financial statements for the year ended December 31, 2018.

(6) Explanation to Significant Accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2018. For other information about the accounting policies, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2018.

(a) Cash and cash equivalents

	2019.9.30	2018.12.31	2018.9.30
Cash on hand	$ 937	897	901
Checking accounts	43,192	37,145	38,958
Savings accounts	5,057,282	5,625,018	5,855,488
Foreign currency deposits	118,844	118,421	521,756
Time deposits	1,091,700	1,091,700	746,718
Cash equivalents	6,348	7,981	3,812
Cash and cash equivalents in consolidated statement of cash flows	**$ 6,318,303**	**6,881,162**	**7,167,633**

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

(b) Financial assets designated at fair value through profit or loss

	2019.9.30	2018.12.31	2018.9.30
Mandatorily measured at fair value through profit or loss:			
Preferred stocks	$ 36,983	-	-
Foreign convertible bonds	21,616	-	-
Total	**$ 58,599**	**-**	**-**

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

The Group acquired FP International Limited' s common stocks convertible bonds for $21,616 thousand for the three months ended March 31, 2019, and transaction was recognized at financial assets designated at fair value through profit or loss.

The Group acquired Ecommerce Enablers Pte. Ltd.'s preferred stocks for $9,443 thousand for the six months ended June 30, 2019, and transaction was recognized at financial assets designated at fair value through profit or loss.

The Group acquired the preferred stocks of Tsaitung Agriculture Co., Ltd. and Uspace Tech Ltd. for $15,540 thousand and $12,000 thousand, respectively, which were recognized as financial assets designated at fair value through profit of loss, for the nine months ended September 30, 2019.

As of September 30, 2019, the financial assets designated at fair value through profit or loss of the group had not been pledged as collateral.

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

	2019.9.30	2018.12.31	2018.9.30
Equity instruments at fair value through other comprehensive income			
Stocks unlisted on domestic markets	$ 187,181	89,842	86,462

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.

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, the shareholding ratio for the year ended September 30, 2019 was 18.85%.

3.The Group acquired 500 thousand shares of Famicloud Inc. common stock for $10,000 thousand for the three months ended March 31, 2019, the shareholding ratio for the year ended September 30, 2019 was 3.12%.

4.The Group acquired 7,500 thousand common shares of Miho International Cosmetic Co., Ltd. for $75,000 thousand, resulting in its shareholding ratio to increase to 10.47% for the nine months ended September 30, 2019.

For the information about the credit risk and market risk, please refer to note 6(aa).

As of September 30, 2019, December 31, 2018, and September 30, 2018, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral for long-term borrowings.

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

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

	2019.9.30	2018.12.31	2018.9.30
Notes receivable-measured as amortized cost	$ 1,256	112	1,294
Trade receivable-measured as amortized cost	690,904	635,159	517,570
Other receivables-measured as amortized cost	1,164,028	726,918	669,255
Lease receivable	8,064	-	-
Less: Allowance for impairment loss	(729)	(714)	(653)
	$ 1,863,523	1,361,475	1,187,466

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. 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 in Taiwan were determined as follows:

	2019.9.30		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	$ 2,336	0.53%~10%	217
Overdue 181 to 360 days	981	25%～100%	434
Over 181 days past due	1,864,252		729
	$ 1,867,569		1,380

	2018.12.31		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	$ 1,315,836	0.001%~0.023%	20
Past under 180 days	45,770	10%~20%	188
Over 181 days past due	583	25%～100%	506
	$ 1,362,189		714

	2018.9.30		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	$ 1,155,213	0.001%~0.063%	24
Past under 180 days	32,560	11%～25%	286
Over 181 days past due	346	25%～100%	343
	$ 1,188,119		653

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

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

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Balance at January 1, 2019 and 2018	$ 714	968
Impairment losses recognized	15	-
Impairment losses reversed	-	(315)
Balance at September 30, 2019 and 2018	**$ 729**	**653**

(e) Inventories

	2019.9.30	2018.12.31	2018.9.30
Merchandise inventories	$ 1,516,151	1,263,022	1,080,501
Less: Allowance for inventory valuation and obsolescence losses	(13,353)	(12,197)	(13,680)
	$ 1,502,798	**1,250,825**	**1,066,821**

As of September 30, 2019, December 31, 2018, and September 30, 2018 the Group's inventories were not pledged as collateral.

The details of operating cost were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Cost of goods sold	$ 8,304,791	7,184,640	24,123,798	21,117,663
Provision for inventory market price decline and obsolescence (Gain from price recovery of inventory)	(1,403)	469	1,156	5,195
Loss on disposal of scrap	421	-	730	509
	$ 8,303,809	**7,185,109**	**24,125,684**	**21,123,367**

The factors that caused the net realizable value of inventories to be lower than the cost no longer exist, resulting in the net realizable value of inventory to increase and be recognized as profit or loss on inventory for the nine months period ended September 30, 2019.

(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:

	2019.9.30	2018.12.31	2018.9.30
Associates	**$ 42,608**	**27,908**	**32,385**

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

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		
			2019.9.30	2018.12.31	2018.9.30
Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	Taiwan	26.47 %	26.47 %	26.47 %
Ruten Japan KK	Information processing and provision of electronic information	Japan	49.00 %	49.00 %	49.00 %

2.Collateral

As of September 30, 2019, December 31, 2018, and September 30, 2018, the Group did not provide any investment accounted for using equity method as collaterals.

3.The unreviewed financial statements of investments accounted for using equity method

Investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(g) Acquisition of subsidiary

1.Acquisition of subsidiary

The Group acquired the entire shares of PChome CBS Ltd. for $108,000 thousand and gained control over it on July 1, 2019.

1) Acquisition of identifiable asset and liabilities assumed

The date of acquisition of identifiable asset and liabilities assumed is as follows:

Property, plant and equipment	$ 638
Accounts receivable and other receivables	19
Cash and cash equivalents	8,062
Other current assets	142
Other payables	(194)
Other current liabilities	(25)
The fair value of identifiable net assets	$ 8,642

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

2) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred (cash)	$	108,000
Less: fair value of identifiable net assets		(8,642)
Goodwill	**$**	**99,358**

Goodwill is attributable mainly to the customers' list on e-commerce and cash flow related to technical services owned by PChome CBS Co., Ltd. for its future benefits.

(h) Material non-controlling interests of subsidiaries

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

		Percentage of non-controlling interests		
Subsidiaries	**Main operation place**	**2019.9.30**	**2018.12.31**	**2018.9.30**
PChome Store Inc.	Taiwan	7.71 %	7.71 %	11.94 %
PChomePay Inc.	Taiwan	20.80 %	20.80 %	20.80 %
PChome eBay Co., Ltd.	Taiwan	35.00 %	35.00 %	35.00 %
Chunghwa PChome Fund 1 Co., Ltd.	Taiwan	50.00 %	50.00 %	- %

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:

		2019.9.30	2018.12.31	2018.9.30
Current assets	$	1,020,679	1,665,480	1,160,254
Non-current assets		53,784	223,174	230,655
Current liabilities		(1,224,273)	(2,311,793)	(3,247,133)
Non-current liabilities		(521,398)	(553,248)	(2,076)
Net assets	**$**	**(671,208)**	**(976,387)**	**(1,858,300)**
Non-controlling interests	**$**	**(95,957)**	**(119,486)**	**(266,089)**

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

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Sales revenue	$ 310,804	404,709	1,084,912	1,092,720
Net loss	$ (36,086)	(327,273)	(90,275)	(1,914,464)
Other comprehensive income	-	-	-	-
Comprehensive income	$ (36,086)	(327,273)	(90,275)	(1,914,464)
Loss, attributable to non-controlling interests	$ (2,782)	(71,086)	(6,960)	(513,755)
Comprehensive income, attributable to non-controlling interests	$ (2,782)	(71,086)	(6,960)	(513,755)

2.PChomePay Inc.'s collective financial information:

	2019.9.30	2018.12.31	2018.9.30
Current assets	$ 1,213,093	1,182,153	1,202,494
Non-current assets	389,462	406,708	416,724
Current liabilities	(1,074,184)	(1,013,732)	(1,026,875)
Non-current liabilities	(3,948)	-	-
Net assets	$ 524,423	575,129	592,343
Non-controlling interests	$ 109,080	119,627	123,207

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Sales revenue	$ 9,381	7,438	24,219	22,883
Net loss	$ (17,375)	(18,157)	(50,705)	(55,393)
Other comprehensive income	-	-	-	-
Comprehensive income	$ (17,375)	(18,157)	(50,705)	(55,393)
Loss, attributable to non-controlling interests	$ (3,614)	(3,776)	(10,547)	(11,506)
Comprehensive income, attributable to non-controlling interests	$ (3,614)	(3,776)	(10,547)	(11,506)

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

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

	2019.9.30	2018.12.31	2018.9.30
Current assets	$ 781,720	703,466	667,879
Non-current assets	185,427	88,595	(334,591)
Current liabilities	(218,843)	(195,861)	(187,199)
Non-current liabilities	(22,881)	-	-
Net assets	**$ 725,423**	**596,200**	**146,089**
Non-controlling interests	**$ 253,898**	**208,670**	**51,131**

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Sales revenue	**$ 240,922**	**209,871**	**694,243**	**641,857**
Net gain (loss)	$ 15,636	(99,061)	40,296	(620,477)
Other comprehensive income	-	-	-	-
Comprehensive income	**$ 15,636**	**(99,061)**	**40,296**	**(620,477)**
Gain (loss), attributable to non-controlling interests	**$ 5,472**	**(34,671)**	**14,103**	**(217,167)**
Comprehensive income, attributable to non-controlling interests	**$ 5,472**	**(34,671)**	**14,103**	**(217,167)**

4.Chunghwa PChome Fund 1 Co., Ltd.'s collective financial information:

	2019.9.30	2018.12.31	2018.9.30
Current assets	$ 353,919	398,273	-
Non-current assets	36,983	-	-
Current liabilities	(292)	(325)	-
Net assets	**$ 390,610**	**397,948**	**-**
Non-controlling interests	**$ 195,305**	**198,974**	**-**

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Net loss	$ (2,438)	-	(7,338)	-
Other comprehensive income	-	-	-	-
Comprehensive income	$ (2,438)	-	(7,338)	-
Loss, attributable to non-controlling interests	$ (1,219)	-	(3,669)	-
Comprehensive income, attributable to non-controlling interests	$ (1,219)	-	(3,669)	-

(i) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the nine months ended September 30, 2019 and 2018, were as follows:

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Leased assets	Total
Carrying amounts:					
Balance at January 1, 2019	$ 24,406	316,650	188,917	11,032	541,005
Balance at September 30, 2019	$ 31,857	360,349	162,861	8,609	563,676
Balance at January 1, 2018	$ -	337,085	222,993	14,331	574,409
Balance at September 30, 2018	$ 2,227	326,213	200,769	11,848	541,057

There were no significant additions, disposal, or impairment in property, plant and equipment for the nine months ended September 30, 2019 and 2018. The details of depreciation are disclosed in note 12(a). For other information about the property, plant and equipment, please refer to note 6(j) of the consolidated financial statements for the year ended December 31, 2018.

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

(j) Right-of-use assets

The Group leases many assets including buildings, machinery and equipment. Information about leases for which the Group as a lessee is presented below:

		Buildings	Machinery and equipment	Transportation equipment	Total
Cost:					
Balance as of January 1, 2019	$	3,277,618	73,079	-	3,350,697
Additions		61,735	-	1,165	62,900
Effect of changes in lease contract		(9,261)	-	-	(9,261)
Effect of changes in foreign exchange rates		598	-	-	598
Balance as of September 30, 2019	$	**3,330,690**	**73,079**	**1,165**	**3,404,934**
Accumulated depreciation and impairment losses:					
Balance as of January 1, 2019	$	-	-	-	-
Depreciation for the year		382,937	10,118	161	393,216
Effect of changes in lease contract		(67,126)	-	-	(67,126)
Effect of changes in foreign exchange rates		70	-	-	70
Balance as of September 30, 2019	$	**315,881**	**10,118**	**161**	**326,160**
Carrying amount:					
Balance as of January 1, 2019	$	**3,277,618**	**73,079**	**-**	**3,350,697**
Balance as of September 30, 2019	$	**3,014,809**	**62,961**	**1,004**	**3,078,774**

For the nine months ended September 30, 2018, the Group leases offices and warehouses under an operating lease, please refer to note (6)(p).

(k) Intangible assets

The costs and amortization of intangible assets of the Group for the nine months ended September 30, 2019 and 2018, were as follows:

		Software	Goodwill	Total
Carrying amounts:				
Balance at January 1, 2019	$	**28,224**	**-**	**28,224**
Balance at September 30, 2019	$	**45,197**	**99,358**	**144,555**
Balance at January 1, 2018	$	**49,850**	**-**	**49,850**
Balance at September 30, 2018	$	**32,426**	**-**	**32,426**

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

There were no significant additions, disposals or impairment in intangible assets for the nine months ended September 30, 2019 and 2018. The details of amortization expenses are disclosed in note 12(a), for the information about the goodwill, please refer to note 6(g) and for other information about the intangible assets, please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2018.

(l) Non-current prepayments for investments

The Group acquired the common stocks of Mitch Co., Ltd. and Bibian Japan KK for $162,000 thousand and $1,473 thousand, respectively, which were recognized as financial assets designated at non-current prepayments for investment, for the nine months ended September 30, 2019. The related registration procedures have yet to be completed as of September 30, 2019.

(m) Short-term borrowings

	2019.9.30	2018.12.31	2018.9.30
Unsecured bank loans	$ 590,000	200,000	200,000
Unused short-term credit line	$ 110,000	500,000	550,000
Range of interest rates	1.15%~1.33%	1.15%~1.59%	1.20%~1.56%

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

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

	2019.9.30	2018.12.31	2018.9.30
Current contract liabilities	$ 432,455	399,708	406,113
Receipts under custody-online payment processing service	1,682,356	1,887,958	1,977,879
Other	454,845	100,698	23,296
Current refund liabilities	27,115	32,510	25,219
	$ 2,596,771	2,420,874	2,432,507

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.

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

(o) Long-term borrowings

The details were as follows:

	2019.9.30			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.20%	2028	$ 800,000
Secured bank loans	NTD	1.59%	2025	600,000
Less: current portion				(200,000)
Total				**$ 1,200,000**
Unused long-term credit lines				**$ 100,000**

	2018.12.31			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.20%	2028	$ 900,000
Secured bank loans	NTD	1.59%	2025	650,000
Less: current portion				(200,000)
Total				**$ 1,350,000**
Unused long-term credit lines				**$ 100,000**

	2018.9.30			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.2%	2028	$ 900,000
Secured bank loans	NTD	1.59%	2025	850,000
Less: current portion				(100,000)
Total				**$ 1,650,000**
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 September 30, 2019, the Group was in compliance with the financial covenants mentioned above.

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

(p) Lease liabilities

Lease liabilities of the Group carrying amounts were as follows:

	2019.9.30		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 540,874	34,850	506,024
Over than one year	2,715,584	109,452	2,606,132
	$ 3,256,458	144,302	3,112,156
Current	$ 540,874	34,850	506,024
Non-current financial assets	$ 2,715,584	109,452	2,606,132

Maturity analysis please refer to note 6(aa).

There were no significant issues, repurchases and repayments of lease liabilities for the nine months ended September 30, 2019.

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30, 2019	For the nine months ended September 30, 2019
Interest on lease liabilities	$ 9,578	29,530
Expenses relating to short-term leases	$ 11,021	33,211
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ 1,658	2,500

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the nine months ended September 30, 2019
Total cash outflow for leases	$ 446,713

1. Real estate leases

   As of September 30, 2019, the Group leases land and buildings for its office space and warehouses. The leases of office space typically run of a period for 3 to 5 years, and of warehouses for 3 to 12 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

2. The lease liabilities were classified as finance lease liabilities on December 31, 2018, and September 30, 2018, please refer to Note (6)(p) and (6)(q).

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

(q) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018.12.31	2018.9.30
Less than one year	$ 440,693	478,063
Between one and five years	1,470,810	1,508,717
Over five years	321,368	358,867
	$ 2,232,871	2,345,647

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.

(r) Lease obligations payable

The Group lease obligations payable were as follows:

	2018.12.31			2018.9.30		
	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	3,471	1,096	2,375
Between one and five years	11,522	1,149	10,373	12,379	1,377	11,002
	$ 14,949	2,172	12,777	15,850	2,473	13,377

(s) Employee benefits

1.Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial results as of December 31, 2018 and 2017.

The details of the Group's expenses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Operating cost	$ (1)	-	(1)	-
Selling expenses	(10)	5	(32)	12
Administration expenses	62	51	186	152
Research and development expenses	(1)	(2)	(4)	(2)
	$ 50	54	149	162

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

2.Defined contribution plans

The Group deposited the amounts as follows under the pension plans to the Bureau of Labor Insurance:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Operating cost	$ 1,661	1,256	4,279	3,138
Selling expenses	11,305	12,511	35,136	37,053
Administration expenses	2,362	1,729	6,560	4,916
Research and development expenses	3,860	3,304	11,070	9,488
	$ **19,188**	**18,800**	**57,045**	**54,595**

(t) Income taxes

1. Income tax expense recognized in profits or losses

The amount of income tax was as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Current income tax expense:				
Current period	$ 45,781	15,329	87,517	60,006
10% surtax on unappropriated earnings	-	-	-	7,140
Adjustment for prior periods	-	(9,458)	(11,848)	(15,670)
	45,781	5,871	75,669	51,476
Deferred tax benefit:				
Origination and reversal of temporary differences	1	6	(22)	(105)
Increase in tax rate	-	-	-	(4,863)
	1	6	(22)	(4,968)
Income tax expense	$ **45,782**	**5,877**	**75,647**	**46,508**

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

2.The amount of income tax expense recognized in other comprehensive income for the nine months ended September 30, 2019 and 2018, is zero and $319 thousand.

3.The Company's tax returns for the years through 2017 were examined and approved by the Taipei National Tax Administration.

(u) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Company's capital stock and other equity components for the nine months ended September 30, 2019 and 2018. For other information about the stockholders' equity please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2018.

1. Capital surplus

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

	2019.9.30	2018.12.31	2018.9.30
Share capital	$ 1,694,160	2,484,507	2,484,507
Difference between consideration and carrying amount of subsidiaries acquired or disposed	8,643	8,643	8,643
Changes in equity of subsidiaries	17,837	14,273	13,706
	$ 1,720,640	**2,507,423**	**2,506,856**

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.

2. 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.

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.

On June 14, 2019, the shareholders resolved to Legal reserve and Capital surplus used to offset accumulated deficits, $408,184 thousand and $790,347 thousand, respectively. On June 13, 2018, the shareholders resolved not to appropriate the 2017 earnings in the general meeting of the shareholders. The related information would be available at the Market Observation Post System.

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

3. 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, 2019	$ 11,524	33,538
Exchange differences on foreign operations	20,326	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	12,339
Balance at September 30, 2019	**$ 31,850**	**45,877**
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	4,710	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(8,870)
Balance at September 30, 2018	**$ 590**	**30,158**

4. Non-controlling Interests

	2019	2018
Balance at January 1	$ 489,811	437,415
Shares of non-controlling interests		
Loss for the nine months ended September 30, 2019/2018	(13,487)	(746,604)
Foreign currency translation differences for foreign operations	481	714
Difference between consideration and carrying amount of subsidiaries acquired or disposed	61,161	-
Changes in ownership interests in subsidiaries	(16,805)	288,613
Changes in non-controlling interests	60,000	-
Balance at September 30	**$ 581,161**	**(19,862)**

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

(v) Share-based payment

The Group had share-based payment arrangements as follows as of September 30, 2019:

	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:

	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 nine months ended September 30,			
	2019		2018	
	Weighted-average exercise price	Numbers of options	Weighted-average exercise price	Numbers of options
Balance, beginning of January 1	USD 0.09	28,737	USD 0.09	31,128
Options granted	-	-	-	-
Options forfeited	-	(7,405)	-	(1,178)
Options exercised	-	-	-	-
Options expired	-	-	-	-
Balance, end of September 30	0.09	21,332	0.09	29,950
Options exercisable, end of September 30		5,333	-	7,488

(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 for the nine months ended September 30, 2019 and 2018.

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Salary expenses	$ 669	2,061	306	11,769

(w) Earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Profit (loss) attributable to common stockholders of the Company	$ 55,919	(189,285)	128,549	(984,217)
Weighted-average number of ordinary shares	117,159	117,159	117,159	117,159
Basic earnings per share (New Taiwan Dollars)	$ 0.48	(1.62)	1.10	(8.40)
Profit (loss) attributable to common stockholders of the Company	$ 55,919	(189,285)	128,549	(984,217)
Weighted-average number of ordinary shares (basic)	117,159	117,159	117,159	117,159
Effect of employee stock bonus	10	-	63	-
Weighted-average number of ordinary shares (adjusted with potential effect of diluted ordinary shares)	117,169	117,159	117,222	117,159
Diluted earnings per share (New Taiwan Dollars)	$ 0.48	(1.62)	1.10	(8.40)

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

The following instrument has the anti-dilution effect, which is not included in the weighted-average number of ordinary shares (diluted).

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Effect of employee stock compensation	**$ -**	**88**	**-**	**152**

(x) Revenue from contracts with customers

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Revenue of electronic commerce	$ 9,356,714	8,154,794	27,230,125	24,080,517
Revenue of non-electronic commerce	97,596	61,198	253,581	169,081
	$ 9,454,310	**8,215,992**	**27,483,706**	**24,249,598**

(y) Rewards of employees, directors and supervisors

The Company's articles of incorporation, which were authorized by the board of directors but has yet to be determined by the shareholders, require that earning shall first be offset against any deficit, then, 1%~15% will be distributed as employee remuneration and less than 1.5% will be allocated as directors' and supervisors' remuneration. Employees who are entitled to receive the above mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

The remuneration to employees amounted to $1,231 thousand and $8,119 thousand and the remuneration to directors and supervisors amounted to $138 thousand and $911 thousand for the three months and the nine months ended September 30, 2019. These amounts are calculated by using the Company's pre-tax net profit for the period before deducting the amount of the remuneration to the employees and directors, multiplied by the distribution ratio of remuneration to the employees and directors under the Company's articles of association, and expensed under operating expenses. If there would be any changes after the reporting date in the following year, the changes would be treated as changes in accounting estimates and recognized as profit or loss in following year.

The Group incurred losses before tax for the nine months ended September 30, 2018, therefore, there were no remuneration allocated to employees, directors and supervisors. Related information would be available at the Market Observation Post System.

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

(z) Non-operating income and expenses

1. Other revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Interest income	$ 2,592	2,080	8,445	11,814
Dividend income	5,263	2,113	5,263	4,025
Others	3,549	2,063	10,270	4,260
Total other revenue	**$ 11,404**	**6,256**	**23,978**	**20,099**

2. Other gains and losses, net

For the nine months ended September 30, 2019 and 2018, the details of other gains and losses are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Foreign currency exchange gains	$ 808	336	1,936	27,443
Gains on disposal of investments	-	-	-	2,583
(Losses) and gains on disposal of property, plant and equipment	-	-	(4)	286
Others	(1)	-	(11)	(1)
Other gains and losses, net	**$ 807**	**336**	**1,921**	**30,311**

3. Finance costs

For the nine months ended September 30, 2019 and 2018, the details of finance cost are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Interest expense	**$ 15,774**	**7,706**	**47,728**	**17,808**

(aa) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk and market risk. For other information about the fair value of financial instruments, please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2018.

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

1. 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 September 30, 2019							
Non-derivative financial liabilities							
Short-term borrowings	$ 590,000	590,000	200,000	390,000	-	-	-
Notes payable	1,752	1,752	1,752	-	-	-	-
Accounts payable	2,834,170	2,834,170	2,834,170	-	-	-	-
Other payables	503,824	503,824	503,824	-	-	-	-
Receipts under custody	1,682,356	1,682,356	1,682,356	-	-	-	-
Lease liability	3,112,156	3,112,156	258,271	247,753	494,317	1,643,929	467,886
Long-term borrowings	1,400,000	1,400,000	150,000	50,000	400,000	600,000	200,000
	$ 10,124,258	**10,124,258**	**5,630,373**	**687,753**	**894,317**	**2,243,929**	**667,886**
Balance at December 31, 2018							
Non-derivative financial liabilities							
Short-term borrowings	$ 200,000	200,000	200,000	-	-	-	-
Notes payable	733	733	733	-	-	-	-
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	1,550,000	1,550,000	100,000	100,000	250,000	750,000	350,000
	$ 6,886,558	**6,888,730**	**5,425,494**	**101,713**	**253,426**	**758,097**	**350,000**
Balance at September 30, 2018							
Non-derivative financial liabilities							
Short-term borrowings	$ 1,950,000	1,950,000	950,000	1,000,000	-	-	-
Notes payable	3,859	3,859	3,859	-	-	-	-
Accounts payable	2,726,947	2,726,947	2,726,947	-	-	-	-
Refund liabilities	25,219	25,219	25,219	-	-	-	-
Other payables	446,740	446,740	446,710	30	-	-	-
Receipts under custody	1,977,879	1,977,909	1,977,879	30	-	-	-
Lease obligations payable	13,377	15,850	1,747	1,724	3,427	8,952	-
Long-term borrowings	1,750,000	1,750,000	-	100,000	350,000	800,000	500,000
	$ 8,894,021	**8,896,524**	**6,132,361**	**1,101,784**	**353,427**	**808,952**	**500,000**

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

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

2. Currency risk

1) Currency risk exposure

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

	2019.9.30			2018.12.31			2018.9.30		
	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD
Financial assets									
Monetary items									
USD	$ 4,044	31.02	125,445	3,799	30.71	116,677	3,886	30.54	118,668
Financial liabilities									
Monetary items									
USD	273	31.02	8,468	314	30.71	9,639	435	30.54	13,273

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 September 30, 2019 and 2018, would have increased or decreased net income by $4,679 thousand and $4,216 thousand, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the nine months ended September 30, 2019 and 2018.

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 $1,936 thousand and $27,443 thousand for the nine months ended September 30, 2019 and 2018, respectively.

2) Interest analysis

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

3.Other market price risk

For the nine months ended September 30, 2019 and 2018, 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:

	For the nine months ended September 30,			
	2019		2018	
Prices of securities at the reporting date	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	$ 1,497	469	692	-
Decreasing 1%	(1,497)	(469)	(692)	-

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

4.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 :

	2019.9.30				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Fair value through profit or loss					
Preferred stock	$ 36,983	-	-	36,983	36,983
Foreign convertible bonds	21,616	-	-	21,616	21,616
	$ 58,599	**-**	**-**	**58,599**	**58,599**
Fair value through other comprehensive income					
Domestic stock of non-listed company	**$ 187,181**	**-**	**-**	**187,181**	**187,181**

	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**

	2018.9.30				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Fair value through other comprehensive income					
Domestic stock of non-listed company	**$ 86,462**	**-**	**-**	**86,462**	**86,462**

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

2) Valuation techniques for financial instruments measured at fair value

2.1) Non-derivative financial instruments

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.

2.2) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models.

3) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income
Opening balance, January 1, 2019	$ -	89,842
Total gains and losses recognized:		
In other comprehensive income	-	12,339
Purchasing	58,599	85,000
Ending Balance, September 30, 2019	**$ 58,599**	**187,181**
Opening balance, January 1, 2018	$ -	86,560
Total gains and losses recognized:		
In other comprehensive income	-	(8,870)
Purchasing	-	8,772
Ending Balance, September 30, 2018	**$ -**	**86,462**

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

For the nine months ended September 30, 2019 and 2018, total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from fair value through other comprehensive income” were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Total gains and losses recognized:				
In other comprehensive income, and including “unrealized gains and losses from fair value through other comprehensive income”	$ 2,153	(7,039)	12,339	(8,870)

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 profit or loss – derivative financial instruments” and “fair value through other comprehensive income available-for-sale financial assets – equity investments”.

Most of the Group’s financial instruments categorized as Level 3 and have only one significant unobservable input. Derivative financial instruments and equity investments, which have no active market price, have more than one significant unobservable inputs, and those inputs have no correlation between each other.

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 profit or loss	Comparable listed company market approach	·EV/sales (4.06~21.58)	·The estimated fair value would increase (decrease) if the enterprise value were higher (lower).
Fair value through other comprehensive income	Comparable listed company market approach	·Liquidity discounted rate (14.35%~36.77%)	·The estimated fair value would increase (decrease) if the lack of liquidity discounted rate were lower (higher).

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

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:

			Profit or loss		Other comprehensive income	
	Input	Variation	Favor-able	Unfavor-able	Favor-able	Unfavor-able
September 30, 2019						
Financial assets at fair value through profit or loss						
Derivative financial instruments	P/S ratio	5%	$ 1,081	(1,081)	-	-
Equity investments without an active market	P/S ratio	5%	1,849	(1,849)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Liquidity discounted rate	5%	-	-	9,359	(9,359)
			$ 2,930	(2,930)	9,359	(9,359)
December 31, 2018						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Liquidity discounted rate	5%	$ -	-	4,492	(4,492)
September 30, 2018						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Liquidity discounted rate	5%	$ -	-	4,323	(4,323)

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.

(ab) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management as compared to note 6(z) of the annual consolidated financial statements for the year ended December 31, 2018.

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

(ac) Capital management

The Group's objectives, policies, and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2018. There were no significant changes in the quantified factors of capital management as compared to the consolidated financial statements for the year ended December 31, 2018. For other information about the capital management, please refer to note 6(aa) of the consolidated financial statements for the year ended December 31, 2018.

(7) Related-Party Transactions

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Rakuya International Info. Co. Ltd.	Associate of the Company
Ruten Japan KK	〃

(b) Related-party transactions

1.Sales

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Associates	$ 72	71	216	214

2.Receivables from related parties

The receivables from related parties were as follows:

Item	Related party categories	2019.9.30	2018.12.31	2018.9.30
Accounts receivable	Associates	$ 25	25	25
Other receivable	Associates	42	29	-
Lease receivable	Associates	8,064	-	-
Other receivable	Other related party	-	6	-
		$ 8,131	60	25

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

3.Payables to related parties

Item	Related party categories	2019.9.30	2018.12.31	2018.9.30
Other payables	Associates	$ 60	12	-

4.Other operating income

The Group and its associates had other operating income each amounting to $6 thousand for the three months and nine months year ended September 30, 2019 and 2018.

(c) Transactions with key management personnel

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Short-term employee benefits	$ 11,658	9,432	35,960	28,584

(8) Restricted Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2019.9.30	2018.12.31	2018.9.30
Deposit account-current	Security for performance, purchase guarantee and loans with certificate of deposits	$ 522,165	528,096	477,944
Refundable deposit	Security for provisional seizure, etc. and deposits for office rental	144,353	144,812	136,776
		$ 666,518	672,908	614,720

(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.

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

(b) As of September 30, 2019, December 31, 2018, and September 30, 2018, notes payable deposited as guarantee for commercial vehicle and office and building leases were $165,807 thousand, $265,488 thousand and $192,106 thousand, 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 thousand, $20,000 thousand and $40,000 thousand as of September 30, 2019, December 31, 2018, and September 30, 2018, respectively.

(d) As of September 30, 2019, December 31, 2018, and September 30, 2018, 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 $2,935,883 thousand, $2,894,500 thousand and $2,563,500 thousand, respectively.

(e) The Group will rent 15 warehouse units located in The Post Logistic Center, Post Logic Park from Chunghwa Post Co., Ltd. on Nov 1, 2021 because the Group has won the bidding of the contract of the park in the second quarter, 2019. The lease term is 15 years and the annual rental fee is $331,094 thousand. The rental fee will be adjusted yearly based on the Price Index of the year.

(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	For the three months ended September 30, 2019			For the three months ended September 30, 2018		
Nature	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	41,981	383,955	425,936	41,207	364,654	405,861
Labor and health insurance	4,127	32,475	36,602	3,765	31,476	35,241
Pension	1,660	17,578	19,238	1,256	17,598	18,854
Others employee benefits	1,523	14,456	15,979	734	9,428	10,162
Depreciation	12,035	166,705	178,740	4,730	42,269	46,999
Amortization	126	5,910	6,036	-	6,529	6,529

Categorized as / Nature	For the nine months ended September 30, 2019			For the nine months ended September 30, 2018		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	109,311	1,196,627	1,305,938	75,498	1,142,080	1,217,578
Labor and health insurance	11,080	100,151	111,231	7,692	95,453	103,145
Pension	4,278	52,916	57,194	3,138	51,619	54,757
Others employee benefits	4,010	40,932	44,942	2,149	37,301	39,450
Depreciation	30,272	500,315	530,587	15,350	120,637	135,987
Amortization	165	19,669	19,834	-	20,035	20,035

(b) Seasonality of operations:

The factors of season or cycle have no impact on the operations of the Group.

(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 nine months ended September 30, 2019:

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	190,000	190,000	1.30%	2	-	Operating Capital	-		-	607,470	1,214,940

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	1,518,675	4,757	4,209	4,209	-	0.14 %	3,037,350	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				Note
				Number	Book value	Percentage	Market value	
	Common Stock:							
PChome Online Inc.	Syspower Ltd.	-	FVOCI	744,118	19,570	3.72 %	19,570	
〃	Openfind Information Technology, Inc.	-	〃	800,000	32,664	6.26 %	32,664	
〃	Career Consulting Co., Ltd.	-	〃	113,005	2,321	0.72 %	2,321	
〃	Readmoo Co., Ltd.	-	〃	2,877,193	30,211	18.85 %	30,211	
〃	IPEVO Corp.	-	〃	1,386,822	19,430	7.36 %	19,430	
〃	Famicloud Inc.	-	〃	500,000	11,135	3.12 %	11,135	
〃	Miho International Cosmetic Co., Ltd.	-	〃	7,500,000	71,850	10.47 %	71,850	
Linktel Inc.	Eastern Online Co., Ltd.	-	FVTPL	118,750	-	- %	-	
〃	Taiwan Star Telecom Co., Ltd.	-	〃	3,942	-	- %	-	
〃	PayEasy Ltd.	-	〃	5,437,762	-	12.51 %	-	
〃	17Life Ltd.	-	〃	1,126,049	-	6.26 %	-	
	Convertible Bonds:							
Chunghwa PChome Fund 1 Co., Ltd.	FP International Limited	-	〃	-	21,616	- %	21,616	
	Preferred stocks:							
〃	Ecommerce Enablers Pte. Ltd.	-	〃	-	9,443	- %	9,443	
〃	USPACE Tech Co., Ltd.	-	〃	1,695,873	12,000	17.83 %	12,000	
〃	Tasitung Agriculture Co., Ltd.	-	〃	7,400,000	15,540	8.27 %	15,540	

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: None.

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.

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

7. Buying/selling products with the dollar amount reaches $100 million or 20% or more of paid-in capital: None.

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

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	190,000	- %	-		-	-

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.	PChome Store Inc.	1	Accounts receivables	2,556	Usual terms and conditions	0.02 %
0	〃	〃	1	Other receivables	190,390	〃	1.27 %
0	〃	〃	1	Sales	40,006	〃	0.15 %
0	〃	〃	1	Interest revenue	6,661	〃	0.02 %
0	〃	Pi Mobile Technolgy Inc.	1	Accounts receivables	265,237	〃	1.77 %
0	〃	〃	1	Expense payables	4,091	〃	0.03 %
0	〃	〃	1	Bank charges	36,686	〃	0.13 %
0	〃	PChome Express Co., Ltd.	1	Expense payables	10,551	〃	0.07 %
0	〃	〃	1	Logistics	61,813	〃	0.22 %
0	〃	〃	1	Other income	3,133	〃	0.01 %
0	〃	〃	1	Dispatch salary	6,071	〃	0.02 %
0	〃	Linktel Inc.	1	Sales	2,063	〃	0.01 %
0	〃	〃	1	Lease payables	1,174	〃	0.01 %
0	〃	PChome Trading Ltd.	1	Other receivables	4,049	〃	0.03 %

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 nine months ended September 30, 2019, 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			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 %	51,352	68	68	Note 2
〃	Linktel Inc.	〃	Type II Telecommunications Business	125,000	125,000	17,325,940	100.00 %	101,438	(2,452)	(2,452)	〃
〃	PC Home Online International Co., Ltd.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	6,128	(2,098)	(2,098)	〃
〃	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	47,439	45,199	3,035,115	26.47 %	11,101	2,872	645	〃
〃	PChome Store Inc.	〃	Internet services	326,494	326,494	18,435,220	34.35 %	(230,555)	(90,275)	(31,010)	〃
〃	PChomePay Inc.	〃	Online payment processing services	756,000	180,000	46,800,000	55.06 %	288,747	(50,705)	(13,609)	〃
〃	PChome US Inc.	United States of America	E-commerce platform	134,065	134,065	45,800,000	91.97 %	9,994	(3,150)	(2,897)	〃
〃	eCommerce Group Co., Ltd.	British Virgin Islands	Investment activities	1,069,297	1,069,297	349,508,366	100.00 %	524,404	13,359	13,359	〃
〃	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	140,000	60,000	9,000,000	100.00 %	49,928	(34,041)	(34,041)	〃
〃	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	66,200	66,200	6,500,000	65.00 %	17,303	(17,831)	(11,590)	〃
〃	PChome Travel Inc.	Taiwan	Travel agency business	36,000	36,000	3,600,000	100.00 %	28,703	(3,352)	(3,352)	〃
〃	PChome Financial Technology Inc.	〃	Information service	10,000	80,000	1,000,000	100.00 %	4,195	(331)	(331)	〃
〃	PChome Holding Inc.	British Virgin Islands	Investment activities	1,169,090	1,169,090	385,000,000	100.00 %	(48,170)	(37,624)	(37,624)	〃
〃	PChome Express Co., Ltd.	Taiwan	Transportation and logistics	200,000	200,000	20,000,000	100.00 %	174,562	(23,017)	(23,017)	〃
〃	Chunghwa PChome Fund 1 Co., Ltd.	〃	Investment activities	200,000	200,000	20,000,000	50.00 %	195,305	(7,338)	(3,669)	〃
〃	Cornerstone Ventures Co., Ltd.	〃	Investment activities	5,100	5,100	510,000	51.00 %	5,483	1,041	531	〃
〃	PChome CB Co., Ltd.	〃	Cross-border e-commerce services	140,000	-	14,000,000	70.00 %	138,198	(1,813)	(1,294)	
IT Home Publications Inc.	Yiabi Inc.	〃	Information processing and provision of electronic information	-	5,000	500,000	- %	-	(126)	(126)	〃
Linktel Inc.	Rakuya International Info. Co. Ltd.	〃	Real estate business, and internet information rental service	-	6,238	-	- %	-	2,872	115	Note 1
PChome eBay Co., Ltd.	PChomePay Inc.	〃	Online payment processing services	205,200	205,200	20,520,000	24.14 %	126,596	(50,705)	(12,240)	Note 2
〃	PChome Store Inc.	〃	Internet services	632,258	632,258	11,896,486	22.16 %	(22,447)	(90,275)	(20,005)	〃
PChome Store Inc.	PChomePay Inc.	〃	Online payment processing services	-	288,000	-	- %	-	(50,705)	(14,310)	Note 1

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
PChomePay Inc.	Pay and Link Inc.	Taiwan	Electronic payment business	500,388	500,388	50,100,000	100.00 %	371,280	(23,536)	(23,536)	Note 2
〃	Zhen Jain Lian International Co., Ltd.	〃	Online payment processing services	3,000	3,000	300,000	100.00 %	2,654	(22)	(22)	〃
〃	Yin Te Lian International Co., Ltd.	〃	〃	3,000	3,000	300,000	100.00 %	2,652	(24)	(24)	〃
〃	Yun Tung Bao International Co., Ltd.	〃	〃	3,000	3,000	300,000	100.00 %	2,680	4	4	〃
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 %	7,448	(2,037)	(2,037)	〃
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 %	9,469	(1,921)	(1,921)	〃
PC Home Online (HK) Ltd.	Ruten Japan KK	Japan	Information processing and provision of electronic information	5,438	5,438	2,000,000	4.50 %	2,893	(29,824)	(1,678)	〃
ECOMMERCE GROUP CO., LTD.	Ruten Global Inc.	Cayman Islands	Investment activities	831,606	831,606	266,063,307	100.00 %	606,503	13,434	13,434	〃
Ruten Global Inc.	EC Global Limited	Hong Kong	〃	22,740	22,740	7,494,642	100.00 %	3,818	(363)	(363)	〃
〃	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	779,688	27,300,000	65.00 %	476,254	40,296	26,192	〃
〃	Ruten Japan KK	Japan	〃	54,499	27,040	19,794,850	44.50 %	28,614	(29,836)	(12,943)	〃
〃	Ruten Singapore Pte. Ltd.	Singapore	〃	63,045	63,045	20,800,000	65.00 %	61,928	252	164	〃
PChome Holding Inc.	PChome Marketplace Inc.	Cayman Islands	Investment activities	585	585	38,335,000	100.00 %	1,293,003	(37,549)	(37,549)	〃
PChome Marketplace Inc.	PChome Japan KK	Japan	Information processing and provision of electronic information	119,330	119,330	43,500,000	100.00 %	115,482	(5,282)	(5,282)	〃
〃	PChome Store Inc.	Taiwan	Internet services	998,758	998,758	19,206,893	35.78 %	(322,248)	(90,275)	(32,301)	〃
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	Taiwan	Internet services	127,000	-	2,900,000	100.00 %	125,455	(1,545)	(1,545)	〃
〃	PCHOME CB PTE. LTD.	Singapore	Internet services	59,698	-	190,000	100.00 %	58,819	(118)	(118)	〃

Note 1: The subsidiary was sold to parent company in the third quarter, 2019.

Note 2: 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	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	4,653	(2)	4,653	-	-	4,653	(107)	100.00 %	(107)	2,483	-
PChome Trading (Shenzhen) Ltd.	International trading E-commerce	10,857	(2)	10,857	-	-	10,857	(102)	100.00 %	(102)	(4,363)	-

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

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	15,510	59,869	2,171,107

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 31.02 at the nine months ended September 30, 2019.

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

The Group's regional financial information was as follows:

For the three months ended September 30, 2019	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 8,823,707	548,956	81,647	-	9,454,310
Inter-company revenue	9,386	2,893	50,442	(62,721)	-
Total Revenue	**$ 8,833,093**	**551,849**	**132,089**	**(62,721)**	**9,454,310**
Reportable Segment net operating income (loss)	**$ 133,816**	**22,465**	**(54,384)**	**3,482**	**105,379**

For the three months ended September 30, 2018	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 7,533,835	611,589	70,568	-	8,215,992
Inter-company revenue	45,476	2,998	1,917	(50,391)	-
Total Revenue	**$ 7,579,311**	**614,587**	**72,485**	**(50,391)**	**8,215,992**
Reportable Segment net operating income (loss)	**$ 56,569**	**(291,316)**	**(54,813)**	**2**	**(289,558)**

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

For the nine months ended September 30, 2019	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 25,498,032	1,771,643	214,031	-	27,483,706
Inter-company revenue	45,484	7,636	117,583	(170,703)	-
Total Revenue	**$ 25,543,516**	**1,779,279**	**331,614**	**(170,703)**	**27,483,706**
Reportable Segment net operating income (loss)	**$ 333,224**	**39,521**	**(153,010)**	**6,664**	**226,399**

For the nine months ended September 30, 2018	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 22,330,635	1,724,560	194,403	-	24,249,598
Inter-company revenue	165,438	10,039	5,539	(181,016)	-
Total Revenue	**$ 22,496,073**	**1,734,599**	**199,942**	**(181,016)**	**24,249,598**
Reportable Segment net operating income (loss)	**$ 224,578**	**(1,808,380)**	**(123,350)**	**14**	**(1,707,138)**