

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2021 and 2020**

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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.

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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 March 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three 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 reviews.

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 \$1,326,335 thousand and \$1,404,988 thousand, each constituting 8% and 9% of the consolidated total assets as of March 31, 2021 and 2020, respectively; the total liabilities amounting to \$318,204 thousand and \$217,650 thousand, each constituting 3% and 2% of the consolidated total liabilities as of March 31, 2021 and 2020, respectively, and the total comprehensive income (loss) amounting to \$11,387 thousand and \$(20,494) thousand, constituting 6% and (37)% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$31,900 thousand and \$33,698 thousand as of March 31, 2021 and 2020, respectively, and its share of loss of associates and joint ventures accounted for using equity method on these investee companies of \$1,838 thousand and \$3,981 thousand for the three months ended March 31, 2021 and 2020, 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 March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three 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.

The engagement partners on the review resulting in this independent auditors’ review report are Yi-Chun Chen and Shu-Ling Lien.

KPMG

Taipei, Taiwan (Republic of China)

May 6, 2021

Notes to Readers

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

The independent auditor’s 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 auditor’s 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 MARCH 31, 2021 AND 2020

PCHOME ONLINE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2021, December 31, 2020, and March 31, 2020
(Expressed in Thousands of New Taiwan Dollars)

ASSETS		2021.3.31		2020.12.31		2020.3.31		LIABILITIES AND STOCKHOLDERS' EQUITY		2021.3.31		2020.12.31		2020.3.31	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current Assets:								Current Liabilities:							
1100	Cash and cash equivalents (Note (6)(a))	\$ 8,018,762	51	8,147,763	50	7,557,054	49	2100	Short-term borrowings (Note (6)(k))	\$ 500,000	3	500,000	3	515,000	3
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	33,568	-	33,568	-	-	-	2130	Current contract liabilities (Note (6)(l))	507,753	3	554,103	3	464,034	3
1150	Notes receivable, net (Note (6)(d))	72	-	550	-	494	-	2150	Notes payable	4,077	-	2,099	-	823	-
1170	Accounts receivable, net (Notes (6)(d) and (7))	487,212	3	497,242	3	509,439	3	2200	Accounts payable	3,318,300	21	3,866,869	24	3,183,714	21
1196	Lease receivables (Notes (6)(d) and (7))	3,862	-	4,681	-	6,582	-	2216	Other payables (Note (7))	800,990	5	908,483	6	709,398	5
1200	Other receivables, net (Notes (6)(d) and (7))	1,199,794	8	1,361,315	8	1,301,029	9	2230	Dividends payable (Note (6)(r))	153,737	1	-	-	82,012	-
1300	Inventories (Note (6)(e))	1,323,951	9	1,806,418	11	1,035,310	7	2280	Current tax liabilities	104,617	1	69,416	-	131,974	1
1416	Net defined benefit asset, current	-	-	3,218	-	-	-	2300	Current lease liabilities (Note (6)(o))	488,918	3	500,102	3	506,688	3
1476	Other current financial assets (Note (8))	517,575	3	489,608	3	502,940	3	2320	Other current liabilities (Note (6)(l))	341,046	2	402,264	2	529,298	4
1479	Other current assets, others	321,505	2	261,158	2	268,653	2	2335	Long-term liabilities, current portion (Note (6)(m))	200,000	2	200,000	1	200,000	2
1481	Current asset recognized as right to recover products from customers	32,666	-	39,608	-	35,054	-	2365	Receipts under custody (Note (6)(l))	1,439,666	9	1,408,473	9	1,666,231	11
		<u>11,938,967</u>	<u>76</u>	<u>12,645,129</u>	<u>77</u>	<u>11,216,555</u>	<u>73</u>		Current refund liabilities (Note (6)(l))	<u>35,401</u>	<u>-</u>	<u>42,999</u>	<u>-</u>	<u>38,565</u>	<u>-</u>
										<u>7,894,505</u>	<u>50</u>	<u>8,454,808</u>	<u>51</u>	<u>8,027,737</u>	<u>53</u>
Non-Current Assets:								Non-Current liabilities:							
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	128,157	1	68,245	-	72,113	-	2530	Total bonds payable (Note (6)(n))	1,472,932	10	1,470,300	9	-	-
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	269,625	2	248,425	2	159,178	1	2541	Long-term borrowings (Note (6)(m))	375,000	2	425,000	3	1,150,000	8
1550	Investments accounted for using equity method (Note (6)(f))	31,900	-	34,432	-	33,698	-	2570	Deferred tax liabilities	1,651	-	1,651	-	779	-
1600	Property, plant and equipment (Note (6)(h))	546,792	3	569,790	3	572,427	4	2580	Non-current lease liabilities (Note (6)(o))	1,900,361	12	2,018,307	12	2,368,127	15
1755	Right-of-use assets (Note (6)(i))	2,338,158	15	2,468,896	15	2,832,103	20	2640	Net defined benefit liability, non-current	2,290	-	2,337	-	6,780	-
1780	Intangible assets (Note (6)(j))	140,719	1	141,516	1	157,131	1	2670	Other non-current liabilities, others	<u>5,398</u>	<u>-</u>	<u>5,324</u>	<u>-</u>	<u>4,834</u>	<u>-</u>
1840	Deferred tax assets	44,129	-	44,129	-	62,958	-		Total liabilities	<u>3,757,632</u>	<u>24</u>	<u>3,922,919</u>	<u>24</u>	<u>3,530,520</u>	<u>23</u>
1960	Non-current prepayments for investments	-	-	-	-	7,500	-			<u>11,652,137</u>	<u>74</u>	<u>12,377,727</u>	<u>75</u>	<u>11,558,257</u>	<u>76</u>
1975	Net defined benefit asset, non-current	8,487	-	8,234	-	4,183	-		Equity attributable to owners of parent (Note (6)(r)):						
1980	Other non-current financial assets (Note (8))	148,687	1	149,592	1	146,650	1		Share capital:						
1990	Other non-current assets, others	87,721	1	83,341	1	23,766	-	3110	Ordinary share	1,182,595	7	1,182,595	7	1,171,595	8
		<u>3,744,375</u>	<u>24</u>	<u>3,816,600</u>	<u>23</u>	<u>4,071,707</u>	<u>27</u>	3200	Capital surplus	1,939,577	12	1,938,916	12	1,722,438	11
								3310	Retained earnings:						
								3410	Legal reserve	16,244	-	16,244	-	-	-
								3420	Unappropriated retained earnings	269,338	2	286,101	2	121,616	1
								3491	Other equity interest:						
								3500	Exchange differences on translation of foreign financial statements	(100,651)	(1)	(116,979)	(1)	(16,458)	-
								36XX	Unrealized gains from financial assets measured at fair value through other comprehensive income	98,011	1	76,811	1	17,874	-
									Other equity, unearned compensation	(20,176)	-	(24,042)	-	-	-
									Treasury shares	<u>(62,566)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
									Total equity attributable to owners of parent:	<u>3,322,372</u>	<u>21</u>	<u>3,359,646</u>	<u>21</u>	<u>3,017,065</u>	<u>20</u>
									Non-controlling interests (Notes 6(g) and 6(r))	<u>708,833</u>	<u>5</u>	<u>724,356</u>	<u>4</u>	<u>712,940</u>	<u>4</u>
									Total equity	<u>4,031,205</u>	<u>26</u>	<u>4,084,002</u>	<u>25</u>	<u>3,730,005</u>	<u>24</u>
Total assets		<u>\$ 15,683,342</u>	<u>100</u>	<u>16,461,729</u>	<u>100</u>	<u>15,288,262</u>	<u>100</u>	Total liabilities and equity		<u>\$ 15,683,342</u>	<u>100</u>	<u>16,461,729</u>	<u>100</u>	<u>15,288,262</u>	<u>100</u>

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

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

PCHOME ONLINE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended March 31,			
		2021		2020	
		Amount	%	Amount	%
4111	Sales revenue	\$ 11,644,164	101	10,842,164	102
4170	Less: Sales returns	153,814	1	162,646	2
	Operating revenue, net (Note (6)(u))	11,490,350	100	10,679,518	100
5000	Operating costs (Note (6)(e))	10,184,935	89	9,407,934	88
	Gross profit from operations	1,305,415	11	1,271,584	12
	Operating expenses:				
6100	Selling expenses	906,679	8	895,085	8
6200	Administrative expenses	125,439	1	96,122	1
6300	Research and development expenses	130,899	1	134,809	1
6450	Expected credit loss (Note (6)(d))	154	-	211	-
	Total operating expenses	1,163,171	10	1,126,227	10
6500	Net other income	132	-	-	-
	Net operating income	142,376	1	145,357	2
	Non-operating income and expenses (Note (6)(w)):				
7100	Interest income	2,451	-	2,703	-
7010	Other income	4,248	-	3,691	-
7020	Other gains and losses, net	43,559	-	14,122	-
7050	Finance costs	(12,768)	-	(15,155)	-
7060	Share of loss of associates and joint ventures accounted for using equity method, net	(1,838)	-	(3,981)	-
	Total non-operating income and expenses	35,652	-	1,380	-
	Profit from continuing operations before tax	178,028	1	146,737	2
7950	Less: Tax expense (Note (6)(q))	35,798	-	43,737	-
	Profit	142,230	1	103,000	2
	Other comprehensive income (loss):				
8310	Items that may 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) (Note (6)(x))	21,200	-	(55,151)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Items that may not be reclassified subsequently to profit or loss	21,200	-	(55,151)	(1)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation	14,880	-	8,009	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Items that may be reclassified subsequently to profit or loss	14,880	-	8,009	-
	Other comprehensive income (loss), net of tax	36,080	-	(47,142)	(1)
8500	Total comprehensive income	\$ 178,310	1	55,858	1
	Profit (loss), attributable to:				
8610	Profit, attributable to owners of parent	\$ 136,974	1	103,064	2
8620	Profit (loss), attributable to non-controlling interests	5,256	-	(64)	-
		\$ 142,230	1	103,000	2
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 174,502	1	56,280	1
8720	Comprehensive income (loss), attributable to non-controlling interests	3,808	-	(422)	-
		\$ 178,310	1	55,858	1
	Earnings per share (Note (6)(t))				
9750	Basic earnings per share (NT dollars)	\$ 1.17		0.88	
9850	Diluted earnings per share (NT dollars)	\$ 1.07		0.88	

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

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PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent												
	Share capital				Retained Earnings			Other Equity Interest			Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
	Ordinary Capital	Capital Surplus	Legal 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	Unearned Employee Compensation	Treasury shares					
Balance at January 1, 2020	\$ 1,171,595	1,722,411	-	100,564	(24,825)	73,025	-	-	3,042,770	724,314			
Profit (loss) for the three months ended March 31, 2020	-	-	-	103,064	-	-	-	-	103,064	(64)	103,000		
Other comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	8,367	(55,151)	-	-	(46,784)	(358)	(47,142)		
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	103,064	8,367	(55,151)	-	-	56,280	(422)	55,858		
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary share	-	-	-	(82,012)	-	-	-	-	(82,012)	-	(82,012)		
Changes in ownership interests in subsidiaries	-	27	-	-	-	-	-	-	27	(10,952)	(10,925)		
Balance at March 31, 2020	<u>\$ 1,171,595</u>	<u>1,722,438</u>	<u>-</u>	<u>121,616</u>	<u>(16,458)</u>	<u>17,874</u>	<u>-</u>	<u>-</u>	<u>3,017,065</u>	<u>712,940</u>	<u>3,730,005</u>		
Balance at January 1, 2021	\$ 1,182,595	1,938,916	16,244	286,101	(116,979)	76,811	(24,042)	-	3,359,646	724,356	4,084,002		
Profit for the three months ended March 31, 2021	-	-	-	136,974	-	-	-	-	136,974	5,256	142,230		
Other comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	16,328	21,200	-	-	37,528	(1,448)	36,080		
Total comprehensive income for the three months ended March 31, 2021	-	-	-	136,974	16,328	21,200	-	-	174,502	3,808	178,310		
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary share	-	-	-	(153,737)	-	-	-	-	(153,737)	-	(153,737)		
Purchase of treasury share	-	-	-	-	-	-	-	(62,566)	(62,566)	-	(62,566)		
Changes in ownership interests in subsidiaries	-	661	-	-	-	-	-	-	661	(19,331)	(18,670)		
Share-based payment transactions	-	-	-	-	-	-	3,866	-	3,866	-	3,866		
Balance at March 31, 2021	<u>\$ 1,182,595</u>	<u>1,939,577</u>	<u>16,244</u>	<u>269,338</u>	<u>(100,651)</u>	<u>98,011</u>	<u>(20,176)</u>	<u>(62,566)</u>	<u>3,322,372</u>	<u>708,833</u>	<u>4,031,205</u>		

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

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PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2021	2020
Cash flows from operating activities:		
Profit before tax	\$ 178,028	146,737
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	179,096	174,779
Amortization expenses	6,026	7,475
Expected credit losses	154	211
Net gain on financial assets at fair value through profit or loss	(45,657)	(12,494)
Interest expenses	12,768	15,155
Interest income	(2,451)	(2,703)
Share-based payment transactions	3,967	658
Shares of loss of associates and joint ventures accounted for using equity method	1,838	3,981
Gains on disposal of property, plant and equipment	(13)	-
Gain on lease modification	(132)	(50)
Total adjustments to reconcile profit	155,596	187,012
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	478	(120)
Accounts receivable	9,876	1,130
Lease receivable	819	742
Other receivables	162,224	(139,233)
Inventories	482,467	649,837
Other current assets	(60,347)	(37,494)
Other financial assets	(27,967)	20,225
Current asset recognized as right to recover products from customers	6,942	529
Total changes in operating assets	574,492	495,616
Changes in operating liabilities:		
Contract liabilities	(46,350)	42,113
Notes payable	1,978	212
Accounts payable	(548,569)	124,496
Other payables	(101,318)	(77,174)
Receipts under custody	31,193	60,868
Other current liabilities	(61,218)	(16,810)
Net defined benefit liabilities	2,918	(402)
Current refund liabilities	(7,598)	239
Other non-current liabilities	74	(28)
Total changes in operating liabilities	(728,890)	133,514
Total changes in operating assets and liabilities	(154,398)	629,130
Total adjustments	1,198	816,142
Cash flow generated from operations	179,226	962,879
Interest received	1,747	1,950
Interest paid	(7,470)	(15,278)
Income taxes paid	(596)	(447)
Net cash flows from operating activities	172,907	949,104
Cash flows used in investing activities:		
Acquisition of financial assets designated at fair value through profit or loss	(14,255)	(1,020)
Increase in prepayments for investments	-	(7,500)
Acquisition of property, plant and equipment	(40,956)	(28,389)
Decrease (increase) in refundable deposits	905	(4,108)
Acquisition of intangible assets	(280)	(12,726)
Other non-current assets	(5,086)	(7,581)
Net cash flows used in investing activities	(59,672)	(61,324)
Cash flows from financing activities:		
Short-term borrowings	-	(25,000)
Repayments of long-term borrowings	(50,000)	(50,000)
Payments of lease liabilities	(126,891)	(125,189)
Payments to acquire treasury shares	(62,566)	-
Net cash flows used in financing activities	(239,457)	(200,189)
Effect of exchange rate changes on cash and cash equivalents	(2,779)	459
Net increase (decrease) in cash and cash equivalents	(129,001)	688,050
Cash and cash equivalents at beginning of period	8,147,763	6,869,004
Cash and cash equivalents at end of period	\$ 8,018,762	7,557,054

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 AS OF MARCH 31, 2021 AND 2020

PCHOME ONLINE INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021 AND 2020

(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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 6, 2021.

(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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on April 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows: <ul style="list-style-type: none">● the incremental costs – e.g. direct labor and materials; and● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.	January 1, 2022

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.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

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(4) Summary of 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.

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, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2021.3.31	2020.12.31	2020.3.31	
The Company	PChome Store Inc.	Internet services	34.35 %	34.35 %	34.35 %	Note 2
"	Linktel Inc.	Type II Telecommunications Business	100.00 %	100.00 %	100.00 %	Note 1
"	PChomePay Inc.	Online payment processing services	- %	- %	55.06 %	Note 5
"	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	81.04 %	81.04 %	100.00 %	Note 5

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Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2021.3.31	2020.12.31	2020.3.31	
The Company	PChome (Thailand) Co., Ltd.	E-commerce platform	66.25 %	66.25 %	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 %	
"	Chunghwa PChome Fund 1 Co., Ltd.	Investment activities	50.00 %	50.00 %	50.00 %	Note 1
"	Cornerstone Ventures Co., Ltd.	"	51.00 %	51.00 %	51.00 %	"
"	PChome CB Co., Ltd.	E-commerce cross-border services	70.00 %	70.00 %	70.00 %	"
"	Mitch Co., Ltd.	Clothing sales	60.00 %	60.00 %	60.00 %	"
PChome eBay Co., Ltd.	PChomePay Inc.	Online payment processing services	- %	- %	24.14 %	Note 5
"	Pi Mobile Technology Inc.	"	6.14 %	6.14 %	- %	Note 2
"	PChome Store Inc.	Internet services	22.16 %	22.16 %	22.16 %	"
PChomePay Inc.	Pay and Link Inc.	Electronic payment business	- %	- %	100.00 %	Note 5
"	Zhen Jin Lian International Co., Ltd.	Online payment processing services	- %	- %	100.00 %	Note 3
"	Yin Te Lian International Co., Ltd.	"	- %	- %	100.00 %	"
"	Yun Tung Bao International Co., Ltd.	"	- %	- %	100.00 %	Note 5
Pi Mobile Technology Inc.	Pay and Link Inc.	Electronic payment business	100.00 %	100.00 %	- %	
"	Yun Tung Bao International Co., Ltd.	Online payment processing services	100.00 %	100.00 %	- %	Note 1
PC Home Online International Co., Ltd.	PChome Online Inc.	International trade and investment activities	100.00 %	100.00 %	100.00 %	"
eCommerce Group Co., Ltd.	Ruten Global Inc.	Investment activities	100.00 %	100.00 %	100.00 %	

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Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2021.3.31	2020.12.31	2020.3.31	
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 %	Note 4
PChome Holding Inc.	PChome Marketplace Inc.	Investment activities	100.00 %	100.00 %	100.00 %	
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 %	35.78 %	Note 2
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	"	100.00 %	100.00 %	100.00 %	Note 1
"	PCHOME CB PTE. LTD.	"	100.00 %	100.00 %	100.00 %	"
PCHOME CB PTE. LTD.	PChome Bibian Inc.	E-commerce cross-border services	100.00 %	100.00 %	100.00 %	"

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 dissolved on April 15, 2020.

Note 4: The subsidiary was dissolved on September 4, 2020.

Note 5: PChomePay Inc. and Pi Mobile Technology Inc. completed a share swap merger on November 2, 2020. After the merger, Pi Mobile Technology Inc. became the surviving company.

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

(c) 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.

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(d) 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 using the effective annual tax rate as forecasted by the management.

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.

(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 financial statements for the year ended December 31, 2020.

(6) Explanation to Significant Accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2020 consolidated financial statements. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2020.

(a) Cash and cash equivalents

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Cash on hand	\$ 1,025	1,184	803
Checking accounts	19,417	44,020	43,391
Savings accounts	6,486,948	6,534,858	5,849,235
Foreign currency deposits	33,748	42,230	161,845
Time deposits	1,467,613	1,520,852	1,491,686
Cash equivalents	<u>10,011</u>	<u>4,619</u>	<u>10,094</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 8,018,762</u>	<u>8,147,763</u>	<u>7,557,054</u>

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

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

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Mandatorily measured at fair value through profit or loss:			
Preferred stocks	\$ 127,707	66,745	72,113
Foreign convertible bonds	33,568	33,568	-
Embedded derivative-call options	450	1,500	-
Total	<u>\$ 161,725</u>	<u>101,813</u>	<u>72,113</u>

- 1.The Group acquired Traveler Co., Ltd.'s and Aiello Inc.'s convertible bonds for \$5,910 thousand and \$10,339 thousand in the third quarter of 2020.
- 2.The Group acquired Hard Core Technology Crop. and Tresl Inc's convertible bonds for \$8,679 thousand and \$8,640 thousand in the fourth quarter of 2020.
- 3.The Group issued convertible bonds in the fourth quarter of 2020. As of March 31, 2021 and December 31, 2020, the fair value of embedded derivative-call options is \$450 thousand and \$1,500 thousand, respectively, please refer to Note (6)(n).
- 4.The Group acquired Moovo Mobility Inc.'s preferred stocks for \$14,255 thousand in the first quarter of 2021.
- 5.The Group originally held Tasitung Agriculture Co., Ltd.'s preferred stocks. Due to the shareholding structure adjustment of Tasitung Agriculture Co., Ltd., the Group acquired preferred stocks of Our Agriculture Ltd., the parent company of Tasitung Agriculture Co., Ltd., for \$15,392 thousand through the share swap agreement in the first quarter of 2021.
- 6.Relevant information for the price risk please refer to Note (6)(x).
- 7.Abovementioned 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

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Equity instruments at fair value through other comprehensive income			
Stocks unlisted on domestic markets	<u>\$ 269,625</u>	<u>248,425</u>	<u>159,178</u>

- 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 common stocks of Taiwan Advance Intelligent Co., Ltd. for \$7,500 thousand during the third quarter of 2020.
- 3.The Group acquired common stocks of Readmoo Co., Ltd. for \$8,485 thousand during the fourth quarter of 2020.

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4. For the market price risk, please refer to Note (6)(x).

5. Abovementioned financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.

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

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Notes receivable-measured as amortized cost	\$ 72	550	494
Trade receivable-measured as amortized cost	488,186	498,130	510,808
Other receivables-measured as amortized cost	1,200,068	1,361,589	1,301,283
Lease receivable	3,862	4,681	6,582
Less: Allowance for impairment losses	(1,248)	(1,162)	(1,623)
	<u>\$ 1,690,940</u>	<u>1,863,788</u>	<u>1,817,544</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, all receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	<u>2021.3.31</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 1,669,076	0.004%~0.29%	81
Past under 180 days	18,402	10%~100%	399
Over 181 days past due	4,710	15%~100%	768
	<u>\$ 1,692,188</u>		<u>1,248</u>
	<u>2020.12.31</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 1,858,372	0.004%~0.29%	108
Past under 180 days	1,981	10%~100%	374
Over 181 days past due	4,597	15%~100%	680
	<u>\$ 1,864,950</u>		<u>1,162</u>

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	2020.3.31		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,809,590	0.002%~0.21%	160
Past under 180 days	5,488	0.53%~10%	1,028
Over 181 days past due	4,089	25%~100%	435
	<u>\$ 1,819,167</u>		<u>1,623</u>

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

	For the three months ended March 31,	
	2021	2020
Balance at January 1	\$ 1,162	1,412
Impairment losses recognized	154	211
Amounts written off	(68)	-
Balance at March 31	<u>\$ 1,248</u>	<u>1,623</u>

(e) Inventories

	2021.3.31	2020.12.31	2020.3.31
Merchandise inventories	\$ 1,345,265	1,823,632	1,043,216
Less: Allowance for inventory valuation and obsolescence losses	(21,314)	(17,214)	(7,906)
	<u>\$ 1,323,951</u>	<u>1,806,418</u>	<u>1,035,310</u>

As of March 31, 2021, December 31, 2020, and March 31, 2020 the Group's inventories were not pledged as collateral.

The details of operating cost were as follows:

	For the three months ended March 31,	
	2021	2020
Cost of goods sold	\$ 10,179,671	9,409,095
Provision for inventory market price decline and obsolescence (Gain from price recovery of inventory)	4,100	(1,619)
Loss on disposal of scrap	1,164	458
	<u>\$ 10,184,935</u>	<u>9,407,934</u>

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 three months period ended March 31, 2020.

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(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:

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Associates	\$ <u>31,900</u>	<u>34,432</u>	<u>33,698</u>

1. Associates

Associates to the Group consisted of the followings:

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights		
			2021.3.31	2020.12.31	2020.3.31
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 March 31, 2021, December 31, 2020, and March 31, 2020, the Group did not provide any investment accounted for using equity method as collateral.

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) Material non-controlling interests of subsidiaries

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

Subsidiaries	Main operation place	Percentage of non-controlling interests		
		2021.3.31	2020.12.31	2020.3.31
PChome Store Inc.	Taiwan	7.71 %	7.71 %	7.71 %
PChomePay Inc.	Taiwan	- %	- %	20.80 %
PChome eBay Co., Ltd.	Taiwan	35.00 %	35.00 %	35.00 %
Chunghwa PChome Fund 1 Co., Ltd.	Taiwan	50.00 %	50.00 %	50.00 %

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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:

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Current assets	\$ 531,375	612,317	767,540
Non-current assets	21,263	24,755	34,373
Current liabilities	(875,298)	(901,337)	(1,029,412)
Non-current liabilities	(376,604)	(428,929)	(463,016)
Net assets	<u>\$ (699,264)</u>	<u>(693,194)</u>	<u>(690,515)</u>
Non-controlling interests	<u>\$ (98,119)</u>	<u>(97,651)</u>	<u>(97,445)</u>

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Sales revenue	<u>\$ 185,514</u>	<u>275,934</u>
Net loss	\$ (6,070)	(9,686)
Other comprehensive loss	-	-
Comprehensive loss	<u>\$ (6,070)</u>	<u>(9,686)</u>
Loss, attributable to non-controlling interests	<u>\$ (468)</u>	<u>(747)</u>
Comprehensive loss, attributable to non-controlling interests	<u>\$ (468)</u>	<u>(747)</u>

2.PChomePay Inc.'s collective financial information:

	<u>2020.3.31</u>
Current assets	\$ 1,186,809
Non-current assets	373,388
Current liabilities	(1,064,904)
Non-current liabilities	(2,773)
Net assets	<u>\$ 492,520</u>
Non-controlling interests	<u>\$ 102,444</u>

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	For the three months ended March 31, 2020
Sales revenue	<u>\$ 11,704</u>
Net loss	\$ (14,810)
Other comprehensive loss	-
Comprehensive loss	<u>\$ (14,810)</u>
Loss, attributable to non-controlling interests	<u>\$ (3,081)</u>
Comprehensive loss, attributable to non-controlling interests	<u>\$ (3,081)</u>

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

	2021.3.31	2020.12.31	2020.3.31
Current assets	\$ 944,714	912,730	832,067
Non-current assets	73,174	86,610	181,843
Current liabilities	(253,560)	(246,590)	(236,442)
Non-current liabilities	(2,309)	(5,763)	(16,065)
Net assets	<u>\$ 762,019</u>	<u>746,987</u>	<u>761,403</u>
Non-controlling interests	<u>\$ 266,706</u>	<u>261,446</u>	<u>266,491</u>

	For the three months ended March 31,	
	2021	2020
Sales revenue	<u>\$ 223,835</u>	<u>232,808</u>
Net gain	\$ 15,044	17,029
Other comprehensive income	-	-
Comprehensive income	<u>\$ 15,044</u>	<u>17,029</u>
Gain, attributable to non-controlling interests	<u>\$ 5,265</u>	<u>5,960</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 5,265</u>	<u>5,960</u>

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

	2021.3.31	2020.12.31	2020.3.31
Current assets	\$ 302,766	319,322	326,497
Non-current assets	127,707	66,745	72,113
Current liabilities	(502)	(354)	(321)
Net assets	<u>\$ 429,971</u>	<u>385,713</u>	<u>398,289</u>
Non-controlling interests	<u>\$ 214,985</u>	<u>192,856</u>	<u>199,145</u>

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	For the three months ended March 31,	
	2021	2020
Net gain	\$ 44,258	10,126
Other comprehensive income	-	-
Comprehensive income	<u>\$ 44,258</u>	<u>10,126</u>
Gain, attributable to non-controlling interests	<u>\$ 22,129</u>	<u>5,063</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 22,129</u>	<u>5,063</u>

(h) Property, plant and equipment

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Leased assets	Total
Carrying amounts:					
Balance at January 1, 2021	<u>\$ 72,944</u>	<u>339,901</u>	<u>152,365</u>	<u>4,580</u>	<u>569,790</u>
Balance at March 31, 2021	<u>\$ 70,069</u>	<u>319,147</u>	<u>153,801</u>	<u>3,775</u>	<u>546,792</u>
Balance at January 1, 2020	<u>\$ 52,768</u>	<u>358,682</u>	<u>165,723</u>	<u>7,803</u>	<u>584,976</u>
Balance at March 31, 2020	<u>\$ 50,861</u>	<u>353,077</u>	<u>161,491</u>	<u>6,998</u>	<u>572,427</u>

As of March 31, 2021, December 31, 2020, and March 31, 2020, the property, plant and equipment were not pledged as collateral.

There were no significant additions, disposal, or impairment in property, plant and equipment for the three months ended March 31, 2021 and 2020. The details of depreciation are disclosed in Note 12(a). For other information about the property, plant and equipment, please refer to Note 6(i) of the consolidated financial statements for the year ended December 31, 2020.

(i) Right-of-use assets

The cost and depreciation of the right-of-use assets of the Group were as follows:

	Buildings	Machinery and equipment	Transportation equipment	Total
Cost:				
Balance as of January 1, 2021	\$ 3,403,486	73,079	1,165	3,477,730
Additions	3,132	-	-	3,132
Decrease	(48,433)	-	-	(48,433)
Effect of changes in foreign exchange rates	(1,058)	-	-	(1,058)
Balance as of March 31, 2021	<u>\$ 3,357,127</u>	<u>73,079</u>	<u>1,165</u>	<u>3,431,371</u>

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	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Balance as of January 1, 2020	\$ 3,402,610	73,079	1,165	3,476,854
Additions	7,000	-	-	7,000
Decrease	(10,552)	-	-	(10,552)
Effect of changes in foreign exchange rates	-	-	-	-
Balance as of March 31, 2020	<u>\$ 3,399,058</u>	<u>73,079</u>	<u>1,165</u>	<u>3,473,302</u>
Accumulated depreciation:				
Balance as of January 1, 2021	\$ 981,088	26,983	763	1,008,834
Depreciation for the year	124,970	3,373	121	128,464
Other decrease	(43,423)	-	-	(43,423)
Effect of changes in foreign exchange rates	(662)	-	-	(662)
Balance as of March 31, 2021	<u>\$ 1,061,973</u>	<u>30,356</u>	<u>884</u>	<u>1,093,213</u>
Balance as of January 1, 2020	\$ 503,592	13,491	281	517,364
Depreciation for the year	125,164	3,373	120	128,657
Other decrease	(4,800)	-	-	(4,800)
Effect of changes in foreign exchange rates	(22)	-	-	(22)
Balance as of March 31, 2020	<u>\$ 623,934</u>	<u>16,864</u>	<u>401</u>	<u>641,199</u>
Carrying amount:				
Balance as of January 1, 2021	<u>\$ 2,422,398</u>	<u>46,096</u>	<u>402</u>	<u>2,468,896</u>
Balance as of March 31, 2021	<u>\$ 2,295,154</u>	<u>42,723</u>	<u>281</u>	<u>2,338,158</u>
Balance as of January 1, 2020	<u>\$ 2,899,018</u>	<u>59,588</u>	<u>884</u>	<u>2,959,490</u>
Balance as of March 31, 2020	<u>\$ 2,775,124</u>	<u>56,215</u>	<u>764</u>	<u>2,832,103</u>

(j) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2021	<u>\$ 42,158</u>	<u>99,358</u>	<u>141,516</u>
Balance at March 31, 2021	<u>\$ 41,361</u>	<u>99,358</u>	<u>140,719</u>
Balance at January 1, 2020	<u>\$ 54,352</u>	<u>99,358</u>	<u>153,710</u>
Balance at March 31, 2020	<u>\$ 57,773</u>	<u>99,358</u>	<u>157,131</u>

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There were no significant additions, disposal, or impairment in intangible assets for the three months ended March 31, 2021 and 2020. The details of amortization expenses are disclosed in Note 12(a). For other information about the intangible assets, please refer to Notes 6(g) and 6(k) of the consolidated financial statements for the year ended December 31, 2020.

(k) Short-term borrowings

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Unsecured bank loans	\$ <u>500,000</u>	<u>500,000</u>	<u>515,000</u>
Unused short-term credit line	\$ <u>2,930,000</u>	<u>2,629,080</u>	<u>9,117</u>
Range of interest rates	<u>1.10%~1.20%</u>	<u>1.10%~1.20%</u>	<u>0.95%~1.20%</u>

The Group for the collateral for short-term borrowings, please refer to Note (8).

(l) Current contract liabilities, Other current liabilities, Receipts under custody and Current refund liabilities

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Current contract liabilities	\$ 507,753	554,103	464,034
Receipts under custody-online payment processing service mainly	1,439,666	1,408,473	1,666,231
Other	341,046	402,264	529,298
Current refund liabilities	<u>35,401</u>	<u>42,999</u>	<u>38,565</u>
	<u>\$ 2,323,866</u>	<u>2,407,839</u>	<u>2,698,128</u>

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 were expected to be paid to customers due to their right to refund the goods.

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(m) Long-term borrowings

The details were as follows:

2021.3.31				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.15%~1.16%	2022	\$ 125,000
Secured bank loans	TWD	1.35%	2025	450,000
Less: current portion				(200,000)
Total				<u>\$ 375,000</u>
Unused long-term credit lines				<u>\$ 25,000</u>

2020.12.31				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.15%	2022	\$ 125,000
Secured bank loans	TWD	1.35%	2025	500,000
Less: current portion				(200,000)
Total				<u>\$ 425,000</u>
Unused long-term credit lines				<u>\$ 50,000</u>

2020.3.31				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	0.95%	2028	\$ 800,000
Secured bank loans	TWD	1.35%	2025	550,000
Less: current portion				(200,000)
Total				<u>\$ 1,150,000</u>
Unused long-term credit lines				<u>\$ -</u>

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 during bank loan period. As of March 31, 2021, PChome Store Inc. was in compliance with the financial covenants mentioned above.

The Company is the joint guarantor of the unsecured bank loans of the subsidiaries, PChome Store Inc. and Pi Mobile Technology Inc., as of March 31, 2021. For the information about guarantees and endorsements for other parties, please refer to Note 13(a).

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(n) Bonds payable

The details of secured convertible bonds were as follows:

	<u>2021.3.31</u>	<u>2020.12.31</u>
Total convertible corporate bonds issued	\$ 1,500,000	1,500,000
Unamortized discounted corporate bonds payable	<u>(27,068)</u>	<u>(29,700)</u>
Balance of corporate bonds issued	<u>\$ 1,472,932</u>	<u>1,470,300</u>
Embedded derivative – call options, included in financial assets at fair value through profit or loss	<u>\$ 450</u>	<u>1,500</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 141,121</u>	<u>141,121</u>

Convertible bonds that were recognized in profit or loss were as follows:

	<u>For the three months ended March 31, 2021</u>
The amounts of embedded derivative instruments – call options, included in other gains or losses	<u>\$ 1,050</u>
Interest expense	<u>\$ 2,632</u>

The Company issued secured 3-year convertible bonds at October 7, 2020, the face value of this bond amounted to \$1,500,000 thousand and was issued at 107.42% of the face value. Therefore, the actual borrowing amount was \$1,611,304 thousand. The issuance period was from October 7, 2020, to October 7, 2023, while the conversion period started from January 8, 2021, to October 7, 2023. The Company will repay the convertible corporate bonds at face value in one lump sum in cash upon maturity.

The conversion price was set at \$112 at the time of issuance. When the common shares qualify for conversion price adjustments in accordance to the terms of issuance, such adjustments will be made based on a formula in accordance with the terms of issuance. There are no reset terms for this bond. Relevant information would be available at the Market Observation Post System website.

The Company has entered into an agreement to guarantee the issuance of corporate bonds with KGI Bank, Chang Hwa Commercial Bank Ltd. and Far Eastern International Bank Co., Ltd.. During the guarantee period (the same as the issuance period of the secured convertible bonds), these financial institutions are responsible for assuming main and subordinated debts such as the principal balance of convertible bonds and interest compensation payables. The guarantee ratio of KGI Bank, Chang Hwa Commercial Bank, Ltd., and Far Eastern International Bank Co., Ltd is 40%, 40% and 20%, respectively.

Relevant information for the price risk of embedded derivative – call options please refer to Note (6)(x).

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(o) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follows:

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Current	\$ <u>488,918</u>	<u>500,102</u>	<u>506,688</u>
Non-current	\$ <u>1,900,361</u>	<u>2,018,307</u>	<u>2,368,127</u>

Maturity analysis please refer to Note (6)(x).

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Interests on lease liabilities	\$ <u>7,384</u>	<u>8,722</u>
Expenses relating to short-term leases	\$ <u>9,899</u>	<u>9,536</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>1,591</u>	<u>3,871</u>

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

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>145,765</u>	<u>147,318</u>

The Group leases 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.

(p) 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, 2020 and 2019.

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

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Selling expenses	\$ (13)	(10)
Administration expenses	49	58
Research and development expenses	(2)	(2)
	\$ <u>34</u>	<u>46</u>

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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 March 31,	
	2021	2020
Operating cost	\$ 2,642	2,125
Selling expenses	11,970	11,377
Administration expenses	2,765	2,625
Research and development expenses	4,125	3,998
	<u>\$ 21,502</u>	<u>20,125</u>

(q) Income taxes

1. Income tax expense recognized in profits or losses

The amounts of income tax were as follows:

	For the three months ended March 31,	
	2021	2020
Current income tax expenses:		
Current period	\$ 35,798	43,621
Adjustment for prior periods	-	121
	<u>35,798</u>	<u>43,742</u>
Deferred tax benefit:		
Origination and reversal of temporary differences	-	(5)
Income tax expenses	<u>\$ 35,798</u>	<u>43,737</u>

2. The amounts of income tax expenses recognized in other comprehensive income for the three months ended March 31, 2021 and 2020, both were zero.

3. The Company's tax returns for the years through 2018 were examined and approved by the Taipei National Tax Administration.

(r) Capital and other equity

As of March 31, 2021, December 31, 2020, and March 31, 2020, the total value of nominal ordinary shares amounted to \$1,500,000 thousand. The face value of each share is \$10. In total, there were 118,259 thousand, 118,259 thousand, and 117,159 thousand ordinary shares issued, respectively. All issued shares were paid up upon issuance. There were both 1,100 thousand employee restricted shares included in the issued ordinary shares as of March 31, 2021 and as of December 31, 2020, respectively.

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1. Capital surplus

The balances of additional paid-in capital were as follows:

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Share capital	\$ 1,694,160	1,694,160	1,694,160
Difference between consideration and carrying amount of subsidiaries acquired or disposed	8,643	8,643	8,643
Changes in equity of subsidiaries	78,600	77,939	19,635
Issuance of convertible bonds	141,121	141,121	-
Share based payment transactions—employee restricted shares	<u>17,053</u>	<u>17,053</u>	<u>-</u>
	<u>\$ 1,939,577</u>	<u>1,938,916</u>	<u>1,722,438</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

2. Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficit, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve. However, this restriction is not applied when the legal reserve has reached the paid-in capital of the Company; In addition, according to the operation needs of the Company and the provisions of laws and regulations, if there is a balance of the special surplus reserve, priority may be given to the distribution of dividends of the special shares of the current year. 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 shareholders' meeting for proposal.

The Company may explicitly stipulate in the Articles of Incorporation to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company adopts the residual dividend policy; the residual earnings will be distributed by cash dividends before the Company fulfills the funding needs, and the ratio for stock dividend shall not exceed 80% of the total distribution. The amount, type and ratio of such dividend distribution, may be approved by the Board of Directors based on the actual profit and financial situation of the current year and submitted to the shareholders' meeting for decision.

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The amount of cash dividends of appropriations of earnings for 2020 that had been approved in the meeting of the board of directors on March 26, 2021 was \$153,737 thousand. The amount of cash dividends of appropriations of earnings for 2019 that had been approved in the shareholders' meeting on June 24, 2020 was \$82,012 thousand. Relevant information would be available at the Market Observation Post System website.

3. Treasury shares

On March 16, 2021, the Board of Directors of the Company resolved to repurchase its ordinary shares from the centralized securities exchange market, in order to transfer to employees, at price between \$60 and \$110 per share, and intend to repurchase 1,500 thousand shares, in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of March 31, 2021, a total of 700 thousand shares have been bought back at a cost of \$62,566 thousand.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and should not hold any shareholder rights before their transfer.

4. Other equity, net of tax

	Exchange difference on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income	Unearned Employee Compensation
Balance at January 1, 2021	\$ (116,979)	76,811	(24,042)
Exchange differences on foreign operations	16,328	-	-
Unrealized gain from financial assets measured at fair value through other comprehensive income	-	21,200	-
Share-based payment transactions	-	-	3,866
Balance at March 31, 2021	<u>\$ (100,651)</u>	<u>98,011</u>	<u>(20,176)</u>
Balance at January 1, 2020	\$ (24,825)	73,025	-
Exchange differences on foreign operations	8,367	-	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(55,151)	-
Balance at March 31, 2020	<u>\$ (16,458)</u>	<u>17,874</u>	<u>-</u>

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5. Non-controlling Interests

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 724,356	724,314
Shares of non-controlling interests		
Gains (Losses) for the three months ended March 31	5,256	(64)
Foreign currency translation differences for foreign operations	(1,448)	(358)
Changes in ownership interests in subsidiaries	<u>(19,331)</u>	<u>(10,952)</u>
Balance at March 31	<u>\$ 708,833</u>	<u>712,940</u>

(s) Share-based payment

The Group had two shared-based payment arrangements as follows as of March 31, 2021:

1. Employee restricted shares

The issuance of the employee restricted shares amounting to \$1,100 thousand shares with par value of \$10 per share, was approved by the board of directors of the Group on September 29, 2020. This issuance of the employee restricted shares had received approval and was taken effect by the Financial Supervisory Commission on September 11, 2020, and October 22, 2020, was the base date for the capital increase.

Employees who are granted the above-mentioned employee restricted shares and continue to work in the Group for one year, two years and three years from the date of acquisition can receive 40%, 30% and 30% of employee restricted shares, respectively. The employees who are allocated the employee restricted shares, they should deliver the shares to the Group's designated institutional trust for safekeeping before they meet the vested conditions. The shares shall not be sold, pledged, transferred, gifted or otherwise dispensed. During the period which the shares are delivered to the trust for safekeeping, the voting rights of the shareholders meeting shall be vested in the trust. The custodial institution shall implement it in accordance with relevant laws and regulations. If the employees who are granted the above-mentioned restricted employee rights do not meet the acquired conditions after obtaining the new shares, their shares shall be fully recovered and canceled by the Group.

2. Employee stock options

	<u>Equity-settled</u>
	<u>Employee stock options</u>
Fair value at grant date	May 25, 2017
Number of shares granted	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.

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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:

	<u>Employee stock option plan 1</u>
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) Information on employee stock options

(Unit: Thousands)

	<u>For the three months ended March 31,</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Weighted-average exercise price</u>	<u>Numbers of options</u>	<u>Weighted-average exercise price</u>	<u>Numbers of options</u>
Balance, beginning of January 1	USD 0.09	17,468	USD 0.09	18,954
Options granted	-	-	-	-
Options forfeited	-	(658)	-	(37)
Options exercised	-	-	-	-
Options expired	-	-	-	-
Balance, end of March 31	0.09	<u>16,810</u>	0.09	<u>18,917</u>
Options exercisable, end of March 31	-	<u>12,608</u>	-	<u>4,729</u>

3. Expenses and liabilities resulted from share-based payments

The incurred expenses from share-based payments transactions for the three months ended March 31, 2021 and 2020, were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Salary expenses	<u>\$ 3,967</u>	<u>658</u>

(t) Earnings per share

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Profit attributable to common stockholders of the Company	<u>\$ 136,974</u>	<u>103,064</u>
Weighted-average number of ordinary shares	<u>117,110</u>	<u>117,159</u>
Basic earnings per share (New Taiwan Dollars)	<u>\$ 1.17</u>	<u>0.88</u>

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	For the three months ended March 31,	
	2021	2020
Profit attributable to common stockholders of the Company (basic)	136,974	103,064
Influence on related profit or loss of convertible bonds, net of tax	2,946	-
Profit attributable to common stockholders of the Company (diluted)	<u>\$ 139,920</u>	<u>103,064</u>
Weighted-average number of ordinary shares (basic)	117,110	117,159
Unvested employee restricted shares	373	-
Influence of conversion of convertible bonds	13,393	-
Effect of employee stock compensation	330	150
Weighted-average number of ordinary shares (diluted)	<u>131,206</u>	<u>117,309</u>
Diluted earnings per share (New Taiwan Dollars)	<u>\$ 1.07</u>	<u>0.88</u>

(u) Revenue from contracts with customers

	For the three months ended March 31,	
	2021	2020
Revenue of electronic commerce	\$ 11,464,479	10,589,589
Revenue of non-electronic commerce	25,871	89,929
	<u>\$ 11,490,350</u>	<u>10,679,518</u>

(v) Remunerations to employees, directors and supervisors

According to the Articles of the Company, once the Company has annual profit, it should appropriate 1%~15% of the profit to its employees and 1.5% or less to its directors and supervisors as remuneration. However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The remunerations to employees amounted to \$12,503 thousand and \$10,537 thousand; and the remunerations to directors and supervisors amounted to \$1,403 thousand and \$1,183 thousand, respectively, for the three months ended March 31, 2021 and 2020. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the reporting date, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the year ended December 31, 2020, the remunerations to employees, and directors and supervisors amounted to \$24,777 thousand and \$2,781 thousand, respectively. Upon the resolution of the Board of Directors, the remunerations will be distributed in full. Related information would be available at the Market Observation Post System website.

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(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	For the three months ended March 31,	
	2021	2020
Interest income from bank deposits	\$ 2,413	2,665
Other interest income		
Interest income on lease receivable	20	21
Other	18	17
Total interest income	<u>\$ 2,451</u>	<u>2,703</u>

2. Other income

The details of other income were as follows:

	For the three months ended March 31,	
	2021	2020
Total other income	<u>\$ 4,248</u>	<u>3,691</u>

3. Other gains and losses, net

The details of other gains and losses were as follows:

	For the three months ended March 31,	
	2021	2020
Gains on disposal of property, plant and equipment	\$ 13	-
Foreign currency exchange (losses) gains	(2,023)	1,639
Gains on current financial assets at fair value through profit or loss	45,657	12,494
Others	(88)	(11)
Other gains and losses, net	<u>\$ 43,559</u>	<u>14,122</u>

4. Finance costs

The details of finance cost were as follows:

	For the three months ended March 31,	
	2021	2020
Interest expense	<u>\$ 12,768</u>	<u>15,155</u>

(x) 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, 2020.

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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:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
Balance at March 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings	\$ 500,000	500,000	500,000	-	-	-	-
Notes payable	4,077	4,077	2,390	1,687	-	-	-
Accounts payable	3,318,300	3,318,300	3,318,300	-	-	-	-
Other payables	936,635	936,635	927,207	9,428	-	-	-
Receipts under custody	1,439,666	1,439,666	1,439,666	-	-	-	-
Lease liability	2,389,279	2,389,279	245,501	243,417	399,447	1,131,934	368,980
Long-term borrowings	575,000	575,000	100,000	100,000	225,000	150,000	-
Bonds payable	1,472,932	1,500,000	-	-	-	1,500,000	-
	<u>\$ 10,635,889</u>	<u>10,662,957</u>	<u>6,533,064</u>	<u>354,532</u>	<u>624,447</u>	<u>2,781,934</u>	<u>368,980</u>
Balance at December 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings	\$ 500,000	500,000	500,000	-	-	-	-
Notes payable	2,099	2,099	2,099	-	-	-	-
Accounts payable	3,866,869	3,866,869	3,866,869	-	-	-	-
Other payables	869,606	869,606	869,586	20	-	-	-
Receipts under custody	1,408,473	1,408,473	1,408,473	-	-	-	-
Lease liability	2,518,409	2,518,409	257,407	242,695	422,810	1,189,533	405,964
Long-term borrowings	625,000	625,000	100,000	100,000	225,000	200,000	-
Bonds payable	1,470,300	1,500,000	-	-	-	1,500,000	-
	<u>\$ 11,260,756</u>	<u>11,290,456</u>	<u>7,004,434</u>	<u>342,715</u>	<u>647,810</u>	<u>2,889,533</u>	<u>405,964</u>
Balance at March 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings	\$ 515,000	515,000	515,000	-	-	-	-
Notes payable	823	823	823	-	-	-	-
Accounts payable	3,183,714	3,183,714	3,183,714	-	-	-	-
Other payables	468,535	468,535	457,550	10,985	-	-	-
Receipts under custody	1,666,231	1,666,231	1,666,231	-	-	-	-
Lease liability	2,874,815	2,874,815	251,210	255,478	867,384	908,148	592,595
Long-term borrowings	1,350,000	1,350,000	150,000	50,000	400,000	650,000	100,000
	<u>\$ 10,059,118</u>	<u>10,059,118</u>	<u>6,224,528</u>	<u>316,463</u>	<u>1,267,384</u>	<u>1,558,148</u>	<u>692,595</u>

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

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2. Currency risk

1) Currency risk exposure

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

	2021.3.31			2020.12.31			2020.3.31		
	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 2,098	28.53	59,867	2,270	28.10	63,773	1,230	30.21	37,158
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	264	28.53	7,546	335	28.10	9,427	150	30.21	4,532

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 March 31, 2021 and 2020, would have increased or decreased net income by \$2,093 thousand and \$1,305 thousand, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the three months ended March 31, 2021 and 2020.

Due to the variety of functional currency, the Group disclosed the foreign currency gain or loss on monetary items aggregately. For the three months ended March 31, 2021 and 2020, the foreign exchange gain (loss) (including realized and unrealized) were loss \$2,023 thousand and gain \$1,639 thousand, respectively.

2) Interest analysis

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

3. Other market price risk

For the three months ended March 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

Prices of securities at the reporting date	2021		2020	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	\$ 2,157	1,025	1,273	577
Decreasing 1%	(2,157)	(1,025)	(1,273)	(577)

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4. Fair value of financial instruments

1) Fair value hierarchy

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

	<u>Book Value</u>	<u>2021.3.31</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Fair value through profit or loss					
Preferred stock	\$ 127,707	-	-	127,707	127,707
Foreign convertible bonds	33,568	-	-	33,568	33,568
Embedded derivative-call option	450	-	-	450	450
	<u>\$ 161,725</u>	<u>-</u>	<u>-</u>	<u>161,725</u>	<u>161,725</u>
Fair value through other comprehensive income					
Domestic stock of non-listed company	\$ 269,625	-	-	269,625	269,625
	<u>\$ 269,625</u>	<u>-</u>	<u>-</u>	<u>269,625</u>	<u>269,625</u>
		<u>2020.12.31</u>			
	<u>Book Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fair value through profit or loss					
Preferred stock	\$ 66,745	-	-	66,745	66,745
Foreign convertible bonds	33,568	-	-	33,568	33,568
Embedded derivative-call options	1,500	-	-	1,500	1,500
	<u>\$ 101,813</u>	<u>-</u>	<u>-</u>	<u>101,813</u>	<u>101,813</u>
Fair value through other comprehensive income					
Domestic stock of non-listed company	\$ 248,425	-	-	248,425	248,425
	<u>\$ 248,425</u>	<u>-</u>	<u>-</u>	<u>248,425</u>	<u>248,425</u>

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	2020.3.31				
	Book Value	Level 1	Level 2	Level 3	Total
Fair value through profit or loss					
Preferred stock	\$ <u>72,113</u>	<u>-</u>	<u>-</u>	<u>72,113</u>	<u>72,113</u>
Fair value through other comprehensive income					
Domestic stock of non-listed company	\$ <u>159,178</u>	<u>-</u>	<u>-</u>	<u>159,178</u>	<u>159,178</u>

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 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, 2021	\$ 101,813	248,425
Purchased	14,255	-
Total gains and losses recognized:		
In profit or loss	45,657	-
In other comprehensive income	-	21,200
Ending Balance, March 31, 2021	<u>\$ 161,725</u>	<u>269,625</u>
Opening balance, January 1, 2020	\$ 58,599	214,329
Purchased	1,020	-
Total gains and losses recognized:		
In profit or loss	12,494	-
In other comprehensive income	-	(55,151)
Ending Balance, March 31, 2020	<u>\$ 72,113</u>	<u>159,178</u>

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For the three months ended March 31, 2021 and 2020, the 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 March 31,	
	2021	2020
Total gains and losses recognized:		
In other gains and losses	\$ 45,657	12,494
In other comprehensive income, and including “unrealized gains and losses from fair value through other comprehensive income”	21,200	(55,151)

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 – Embedded derivative – call options	Binomial tree pricing convertible bonds model	Volatility (41.13%)	The estimated fair value would increase (decrease) if the volatility were higher (lower).
Fair value through profit or loss – Derivate financial instrument	Comparable listed company market approach	EV/sales (8.77~2,333.33)	The estimated fair value would increase (decrease) if the enterprise value were higher (lower).
Fair value through other comprehensive income – Equity investments without an active market	Comparable listed company market approach	Market value ratio (1.32~8.03) Liquidity discounted rate (17.04%~30.00%)	The estimated fair value would increase (decrease) if the market value were higher (lower). The estimated fair value would increase (decrease) if the lack of liquidity discounted rate were lower (higher).

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

	Input	Variation	Profit or loss		Other comprehensive income	
			Favor-able	Unfavor-able	Favor-able	Unfavor-able
March 31, 2021						
Financial assets at fair value through profit or loss						
Embedded derivative – call options	Volatility	5%	\$ 23	(23)	-	-
Derivative financial instruments	P/S ratio	5%	1,678	(1,678)	-	-
Equity investments without an active market	P/S ratio	5%	6,385	(6,385)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	-	-	13,313	(13,438)
"	Liquidity discounted rate	5%	-	-	19,777	(19,646)
			<u>\$ 8,086</u>	<u>(8,086)</u>	<u>33,090</u>	<u>(33,084)</u>
December 31, 2020						
Financial assets at fair value through profit or loss						
Embedded derivative – call options	Volatility	5%	\$ 75	(75)	-	-
Derivative financial instruments	P/S ratio	5%	1,678	(1,678)	-	-
Equity investments without an active market	P/S ratio	5%	3,337	(3,337)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	-	-	12,234	(12,336)
"	Liquidity discounted rate	5%	-	-	17,789	(17,753)
			<u>\$ 5,090</u>	<u>(5,090)</u>	<u>30,023</u>	<u>(30,089)</u>

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	Input	Variation	Profit or loss		Other comprehensive income	
			Favor-able	Unfavor-able	Favor-able	Unfavor-able
March 31, 2020						
Financial assets at fair value through profit or loss						
Equity investments without an active market	P/S ratio	5%	3,606	(3,606)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	-	-	7,425	(7,461)
"	Liquidity discounted rate	5%	-	-	11,222	(11,165)
			<u>\$ 3,606</u>	<u>(3,606)</u>	<u>18,647</u>	<u>(18,626)</u>

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.

(y) 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, 2020.

(z) 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, 2020. 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, 2020. For other information about the capital management, please refer to Note 6(aa) of the consolidated financial statements for the year ended December 31, 2020.

(7) Related-Party Transactions

(a) Names and relationships with related parties

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

<u>Names of related party</u>	<u>Relationships with the Group</u>
Rakuya International Info. Co. Ltd.	Associate of the Company
Ruten Japan KK	"
Miho International Cosmetic Co., Ltd.	Other related party of the Company

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(b) Significant transactions with related parties

1. Sales

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

	For the three months ended March 31,	
	2021	2020
Associates	\$ <u>71</u>	<u>71</u>

2. Receivables from related parties

The receivables from related parties were as follows:

Item	Related party categories	2021.3.31	2020.12.31	2020.3.31
Accounts receivable	Associates	\$ 25	25	25
Other receivables	Associates	35	31	31
Lease receivable	Associates	3,862	4,681	6,582
		\$ <u>3,922</u>	<u>4,737</u>	<u>6,638</u>

3. Payables to related parties

Item	Related party categories	2021.3.31	2020.12.31	2020.3.31
Other payables	Associates	\$ -	2	11

4. Others

Other accounts from related parties were as follows:

Item	Related party categories	2021.3.31	2020.12.31	2020.3.31
Contract liabilities	Associates	\$ <u>275</u>	<u>-</u>	<u>-</u>

5. Other operating income

	For the three months ended March 31,	
	2021	2020
Associates	\$ <u>19</u>	<u>35</u>

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6. Loans to related parties

The loans to related parties were as follows:

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Other related parties-Miho International			
Cosmetic Co., Ltd.	\$ <u>8,500</u>	<u>-</u>	<u>-</u>

The loans to related parties were secured. There are no provisions for doubtful debt required after the assessment.

For the three months ended March 31, 2021, interest revenue from loans receivable from related parties amounted to \$11.

(c) Transactions with key management personnel

Key management personnel compensation comprised:

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ <u>27,371</u>	<u>19,135</u>

(8) Restricted Assets

The following assets were restricted in use:

<u>Assets</u>	<u>Purpose of Pledge</u>	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Deposit account-current	Security for performance, purchase guarantee and loans with certificate of deposits	\$ 517,575	489,608	502,940
Refundable deposit	Security for provisional seizure, etc. and deposits for office rental	148,687	149,592	146,650
		\$ <u>666,262</u>	<u>639,200</u>	<u>649,590</u>

(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.

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- (b) As of March 31, 2021, December 31, 2020, and March 31, 2020, notes payable deposited as guarantee for commercial vehicle and office and building leases were \$175,333 thousand, \$248,140 thousand, and \$193,055 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 \$50,000 thousand as of March 31, 2021, December 31, 2020, and March 31, 2020.
- (d) As of March 31, 2021, December 31, 2020, and March 31, 2020, 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 \$4,119,000 thousand, \$4,119,000 thousand, and \$3,015,000 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 Nature	For the three months ended March 31, 2021			For the three months ended March 31, 2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	54,085	371,175	425,260	46,851	397,874	444,725
Labor and health insurance	6,128	37,327	43,455	4,844	35,848	40,692
Pension	2,642	18,894	21,536	2,125	18,046	20,171
Others employee benefits	1,885	20,272	22,157	1,773	18,148	19,921
Depreciation	15,023	164,073	179,096	14,209	160,570	174,779
Amortization	53	5,973	6,026	150	7,325	7,475

- (b) Seasonality of operations:

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

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(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 three months ended March 31, 2021:

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	Miho International Cosmetic Co., Ltd.	Other receivables	Yes	8,500	8,500	8,500	1.65 %	2	-	Business turnover	-	Repayment of promissory note	8,500	1,328,949	1,328,949

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 40% of its net asset value.

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

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	1,661,186	8,552	2,768	2,768	-	0.08 %	3,322,372	Y	N	N
0	"	Pi Mobile Technology Inc	2	1,661,186	300,000	300,000	300,000	-	9.03 %	3,322,372	Y	N	N
0	"	PChome Store Inc.	2	1,661,186	440,000	400,000	325,000	-	12.04 %	3,322,372	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 stocks.
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.

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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	
PChome Online Inc.	Common Stock:							
	Syspower Ltd.	-	FVOCI	744,118	23,819	3.72 %	23,819	
"	Openfind Information Technology, Inc.	-	"	800,000	35,936	6.22 %	35,936	
"	Career Consulting Co., Ltd.	-	"	113,005	2,150	0.72 %	2,150	
"	Readmoo Co., Ltd.	-	"	3,725,645	34,313	18.39 %	34,313	
"	IPEVO Corp.	-	"	1,566,415	75,251	7.36 %	75,251	
"	Famicloud Inc.	-	"	500,000	6,765	2.83 %	6,765	
"	Taiwan Advance Intelligent Tech. Co., Ltd.	-	"	1,732,102	8,141	4.75 %	8,141	
"	Miho International Cosmetic Co., Ltd.	-	"	7,500,000	83,250	8.09 %	83,250	
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.	Traveler Co., Ltd.	-	"	-	5,910	- %	5,910	
"	Aiello Inc.	-	"	-	10,339	- %	10,339	
"	Hard Core Technology Corp.	-	"	-	8,679	- %	8,679	
"	Tresl Inc.	-	"	-	8,640	- %	8,640	
	Preferred stocks:							
Chunghwa PChome Fund 1 Co., Ltd.	FP International Limited	-	"	42,037	33,408	1.87 %	33,408	
"	Ecommerce Enablers Pte. Ltd.	-	"	68,188	11,165	- %	11,165	
"	USPACE Tech Co., Ltd.	-	"	1,695,873	53,487	17.20 %	53,487	
"	Our Agriculture Ltd.	-	"	7,400,000	15,392	8.27 %	15,392	
"	Moovo Mobility Inc.	-	"	294,118	14,255	2.42 %	14,255	

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 20% or more of paid-in capital: None.
6. Disposition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.
7. Buying/selling products with the dollar amount reaches \$100 million or 20% or more of paid-in capital: None.

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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.	Pi Mobile Technology Inc.	Subsidiary	314,721	- %	-		314,721	-

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.	Pi Mobile Technology Inc.	1	Account receivable	314,721	Usual terms and conditions	2.01 %

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 other transactions for which the proportion did not reach one percentage of the consolidated revenue or assets.

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

- (b) Information on investees:

For the three months ended March 31, 2021, 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 %	48,174	(6,671)	(6,671)	Note
"	Linktel Inc.	"	Type II Telecommunications Business	125,000	125,000	6,831,604	100.00 %	59,437	(8,879)	(8,879)	"
"	PC Home Online International Co., Ltd.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	2,783	(426)	(426)	"
"	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	47,439	47,439	3,035,115	26.47 %	22,041	9,856	2,609	

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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.	PChome Store Inc.	Taiwan	Internet services	326,494	326,494	18,435,220	34.35 %	(240,193)	(6,070)	(2,085)	Note
"	PChome US Inc.	United States of America	E-commerce platform	134,065	134,065	45,800,000	91.97 %	6,483	(616)	(566)	"
"	eCommerce Group Co., Ltd.	British Virgin Islands	Investment activities	1,069,297	1,069,297	349,508,366	100.00 %	508,548	6,066	6,066	"
"	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	530,319	530,319	34,488,513	81.04 %	337,734	(72,033)	(58,375)	"
"	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	131,875	131,875	13,249,999	66.25 %	50,890	(8,429)	(5,584)	"
"	PChome Travel Inc.	Taiwan	Travel agency business	36,000	36,000	3,600,000	100.00 %	20,010	(1,503)	(1,503)	"
"	PChome Financial Technology Inc.	"	Information service	10,000	10,000	1,000,000	100.00 %	4,028	(20)	(20)	"
"	PChome Holding Inc.	British Virgin Islands	Investment activities	1,169,090	1,169,090	385,000,000	100.00 %	(193,358)	(9,217)	(9,217)	"
"	PChome Express Co., Ltd.	Taiwan	Transportation and logistics	200,000	200,000	20,000,000	100.00 %	154,230	(3,258)	(3,258)	"
"	Chunghwa PChome Fund 1 Co., Ltd.	"	Investment activities	200,000	200,000	20,000,000	50.00 %	214,986	44,258	22,129	"
"	Cornerstone Ventures Co., Ltd.	"	Investment activities	5,100	5,100	510,000	51.00 %	6,523	426	217	"
"	PChome CB Co., Ltd.	"	E-commerce cross-border services	140,000	140,000	14,000,000	70.00 %	128,869	2,864	2,005	"
"	Mitch Co., Ltd.	"	Clothing sales	162,000	162,000	16,200,000	60.00 %	100,668	(26,523)	(15,914)	"
PChome eBay Co., Ltd.	Pi Mobile Technology Inc.	"	Online payment processing services	205,200	205,200	2,611,531	6.14 %	25,588	(72,033)	(4,423)	"
"	PChome Store Inc.	"	Internet services	632,258	632,258	11,896,486	22.16 %	(28,664)	(6,070)	(1,345)	"
Pi Mobile Technology Inc.	Pay and Link Inc.	"	Electronic payment business	500,388	500,388	50,100,000	100.00 %	319,409	(9,208)	(9,208)	"
"	Yun Tung Bao International Co., Ltd.	"	Online payment processing services	3,000	3,000	300,000	100.00 %	2,560	(21)	(21)	"
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 %	4,222	(394)	(394)	"
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 %	6,528	(307)	(307)	"
PC HOME ONLINE (HK) LTD.	Ruten Japan KK	Japan	Information processing and provision of electronic information	5,438	5,438	2,000,000	2.88 %	579	(9,095)	(252)	"
ECOMMERCE GROUP CO., LTD.	RUTEN GLOBAL INC.	Cayman Islands	Investment activities	831,606	831,606	266,063,307	100.00 %	590,828	6,103	6,103	Note
RUTEN GLOBAL INC.	EC Global Limited	Hong Kong	"	22,740	22,740	7,494,642	100.00 %	6,569	(68)	(68)	"
"	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	779,688	27,300,000	65.00 %	500,290	15,044	9,779	"
"	Ruten Japan KK	Japan	"	68,124	68,124	19,794,850	46.12 %	9,280	(9,095)	(4,195)	"

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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 Holding Inc.	PChome Marketplace Inc.	Cayman Islands	Investment activities	1,169,090	1,169,090	38,335,000	100.00 %	1,148,402	(9,197)	(9,197)	Note
PChome Marketplace Inc.	PChome Japan KK	Japan	Internet services	119,330	119,330	43,500,000	100.00 %	17,613	(1,405)	(1,405)	"
"	PChome Store Inc.	Taiwan	Internet services	998,758	998,758	19,206,893	35.78 %	(332,287)	(6,070)	(2,172)	"
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	"	International trading E-commerce	127,000	127,000	2,900,000	100.00 %	130,725	2,334	2,334	"
"	PCHOME CB PTE. LTD.	Singapore	Internet services	59,698	59,698	190,000	100.00 %	40,475	538	538	"
PCHOME CB PTE. LTD.	PChome Bibian Inc.	Japan	E-commerce cross border services	51,069	51,069	18,000,000	100.00 %	34,377	545	545	"

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

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China: None.
2. Limitation on investment in Mainland China:

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
-	55,063	2,418,723

Note 1: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 28.53 at the three months ended March 31, 2021.

Note 2: The upper limit on investment was the greater of 60% of the individual or consolidated total net worth.

Note 3: Shanghai Todo Inc. and PChome Trading (Shenzhen) Ltd. were dissolved in the fourth quarter of 2019. As of March 31, 2021, the accumulated investment amount of USD500 thousand remitted from Taiwan has not been repatriated.

3. Significant transactions: None.

(d) Major shareholders:

(Unit: Share)

Shareholder's Name	Shareholding	Shares	Percentage
Site Co., Ltd.		18,907,864	15.99 %

Note: (1) The information on major shareholders is based on the number of ordinary shares and special shares held by shareholders with ownership of 5% or more that have been issued without physical registration (including treasury shares) by the Company as of March 31, 2021. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration due to different preparation basis.

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(2) Regarding the above matter, if the shareholders deliver the shares to the trust company, those shares will be disclosed by the trustee who opened the trust account separately. As for the shareholders conducting an insider equity declaration in accordance with the Securities Exchange Act, the number of shares held by shareholders include the number of shares held by themselves, plus, the number of shares delivered by the shareholders to the trust which has discretion over the use of the trust assets. The information of insider trading would be available at the Market Observation Post System website.

(14) Segment Information

The Group's regional financial information was as follows:

<u>For the three months ended March 31, 2021</u>	<u>E-Commerce- Sales</u>	<u>Market Place</u>	<u>Other</u>	<u>Adjustments and Eliminations</u>	<u>Consolidated</u>
Revenue:					
Non-inter-company revenue	\$ 10,978,805	399,942	111,603	-	11,490,350
Inter-company revenue	10,246	10,094	130,771	(151,111)	-
Total Revenue	\$ 10,989,051	410,036	242,374	(151,111)	11,490,350
Reportable Segment net operating income (loss)	\$ 250,610	18,691	(133,477)	6,552	142,376
<u>For the three months ended March 31, 2020</u>					
Revenue:					
Non-inter-company revenue	\$ 10,103,319	508,425	67,774	-	10,679,518
Inter-company revenue	9,784	1,483	89,085	(100,352)	-
Total Revenue	\$ 10,113,103	509,908	156,859	(100,352)	10,679,518
Reportable Segment net operating income (loss)	\$ 206,269	20,309	(84,959)	3,738	145,357