Stock Code:8044

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

Address: **12Fl, No. 105, Sec. 2, Tun Hwa S. Rd., Taipei 106, Taiwan**
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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table Of Contents

Contents	Page

Representation Letter

The entities that are required to be included in the combined financial statements of PChome Online Inc. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, PChome Online Inc. and its Subsidiaries do not prepare a separate set of combined financial statements.

Company Name: PChome Online Inc.
Chairman: Hung-Tze Jan
Date: February 25, 2022

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Independent Auditors' Report

To the Board of Directors of PChome Online Inc.:

Opinion

We have audited the consolidated financial statements of PChome Online Inc. and subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

   Key Audit Matters Explanation:

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

How the matter was addressed in our audit:

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

Other Matter

PChome Online Inc. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2022

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 audit 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.)

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	ASSETS	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current Assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 8,147,239	33	8,147,763	50
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	52,714	-	33,568	-
1170	Accounts and notes receivable, net (Notes (6)(d))	2,705,316	11	497,792	3
1200	Other receivables (Notes (6)(d) and (7))	1,331,315	6	1,365,996	8
1300	Inventories (Note (6)(e))	1,765,068	7	1,806,418	11
1476	Other current financial assets (Note (8))	919,441	4	489,608	3
1479	Other current assets, others	386,723	2	303,984	2
		15,307,816	63	12,645,129	77
	Non-Current Assets:				
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	191,512	1	68,245	-
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	767,882	3	248,425	2
1550	Investments accounted for using equity method (Note (6)(f))	39,532	-	34,432	-
1600	Property, plant and equipment (Note (6)(i))	957,115	4	569,790	3
1755	Right-of-use assets (Note (6)(j))	2,080,373	9	2,468,896	15
1780	Intangible assets (Note (6)(k))	4,127,252	17	141,516	1
1840	Deferred tax assets (Note (6)(q))	120,735	-	44,129	-
1930	Long-term accounts receivable (Note (6)(d))	565,641	2	-	-
1980	Other non-current financial assets (Note (8))	204,531	1	149,592	1
1990	Other non-current assets, others	68,137	-	91,575	1
		9,122,710	37	3,816,600	23
	Total assets	$ 24,430,526	100	16,461,729	100

	LIABILITIES AND STOCKHOLDERS' EQUITY	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current Liabilities:				
2100	Short-term borrowings (Note (6)(l) and (7))	$ 2,263,667	9	500,000	3
2130	Current contract liabilities (Note (6)(m))	549,200	2	554,103	3
2170	Accounts and notes payable	3,924,004	16	3,868,968	24
2200	Other payables (Note (6) and (7))	1,722,756	7	908,483	6
2230	Current tax liabilities	419,474	2	69,416	-
2280	Current lease liabilities (Note (6)(p))	451,788	2	500,102	3
2300	Other current liabilities (Note (6)(m))	580,275	2	445,263	2
2320	Long-term liabilities, current portion (Note (6)(n))	226,625	1	200,000	1
2335	Receipts under custody (Note (6)(m))	1,813,698	8	1,408,473	9
		11,951,487	49	8,454,808	51
	Non-Current liabilities:				
2530	Bonds payable (Note (6)(o))	1,361,536	6	1,470,300	9
2540	Long-term borrowings (Note (6)(n) and (7))	1,218,475	5	425,000	3
2570	Deferred tax liabilities (Note (6)(q))	1,408	-	1,651	-
2580	Non-current lease liabilities (Note (6)(p))	1,685,427	7	2,018,307	12
2612	Long-term accounts payable (Note (6)(g))	549,438	2	-	-
2670	Other non-current liabilities, others	8,445	-	7,661	-
		4,824,729	20	3,922,919	24
	Total liabilities	16,776,216	69	12,377,727	75
	Equity attributable to owners of parent (Note (6)(r)):				
	Share capital:				
3110	Ordinary share	1,274,159	5	1,182,595	7
3140	Advance receipts for share capital	10,980	-	-	-
3200	Capital surplus	4,692,857	19	1,938,916	12
3300	Total retained earnings	243,510	1	302,345	2
3400	Total other equity interest	182,586	1	(64,210)	-
3500	Treasury shares	(77,362)	-	-	-
	Total equity attributable to owners of parent:	6,326,730	26	3,359,646	21
36XX	**Non-controlling interests (Notes 6(h) and 6(r))**	1,327,580	5	724,356	4
	Total equity	7,654,310	31	4,084,002	25
	Total liabilities and equity	$ 24,430,526	100	16,461,729	100

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

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

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021 Amount	2021 %	2020 Amount	2020 %
4111	**Sales revenue**	$ 49,358,396	102	44,500,172	101
4170	Less: Sales returns	779,029	2	630,320	1
	Operating revenue, net (Note (6)(u))	48,579,367	100	43,869,852	100
5000	**Operating costs (Note (6)(e))**	43,023,627	89	38,875,441	89
	Gross profit from operations	5,555,740	11	4,994,411	11
	Operating expenses:				
6100	Selling expenses	4,128,606	8	3,715,350	8
6200	Administrative expenses	575,513	1	431,417	1
6300	Research and development expenses	553,476	1	530,804	1
6450	Expected credit loss (Note (6)(d))	56,668	-	552	-
	Total operating expenses	5,314,263	10	4,678,123	10
6500	**Net other income**	-	-	16	-
	Net operating income	241,477	1	316,304	1
	Non-operating income and expenses (Note (6)(w)):				
7100	Interest income	9,613	-	10,921	-
7010	Other income	77,422	-	57,203	-
7020	Other gains and losses	62,598	-	(8,210)	-
7050	Finance costs	(54,843)	-	(54,742)	-
7060	Shares of loss of associates and joint ventures accounted for using equity method	2,336	-	(17,108)	-
	Total non-operating income and expenses	97,126	-	(11,936)	-
	Profit from continuing operations before tax	338,603	1	304,368	1
7950	**Less: Tax expense (Note (6)(q))**	276,358	1	83,494	-
	Profit	62,245	-	220,874	1
	Other comprehensive income (loss):				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Losses on remeasurements of defined benefit plans	(3,175)	-	9,064	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (Note (6)(x))	126,085	-	28,086	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	635	-	(1,813)	-
	Items that may not be reclassified subsequently to profit or loss	123,545	-	35,337	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign statements	(38,563)	-	(93,767)	-
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	(38,563)	-	(93,767)	-
	Other comprehensive income (loss), net of tax	84,982	-	(58,430)	-
8500	**Total comprehensive income**	**$ 147,227**	**-**	**162,444**	**1**
	Profit (loss), attributable to:				
8610	Profit, attributable to owners of parent	$ 97,442	-	252,794	1
8620	Loss, attributable to non-controlling interests	(35,197)	-	(31,920)	-
		$ 62,245	**-**	**220,874**	**1**
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ 325,552	-	195,425	1
8720	Comprehensive loss, attributable to non-controlling interests	(178,325)	-	(32,981)	-
		$ 147,227	**-**	**162,444**	**1**
	Earnings per share (Note (6)(t))				
9750	**Basic earnings per share (NT dollars)**	**$**	**0.84**		**2.16**
9850	**Diluted earnings per share (NT dollars)**	**$**	**0.80**		**1.95**

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent												
	Share capital			Retained Earnings			Other Equity Interest						
	Ordinary Capital	Advance receipts for share capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned Employee Compensation	Treasury shares	Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
Balance at January 1, 2020	$ 1,171,595	-	1,722,411	-	-	100,564	(24,825)	73,025	-	-	3,042,770	724,314	3,767,084
Profit (loss) for the year ended December 31, 2020	-	-	-	-	-	252,794	-	-	-	-	252,794	(31,920)	220,874
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	6,699	(92,154)	28,086	-	-	(57,369)	(1,061)	(58,430)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	259,493	(92,154)	28,086	-	-	195,425	(32,981)	162,444
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	16,244	-	(16,244)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(82,012)	-	-	-	-	(82,012)	-	(82,012)
Issuance of convertible bonds	-	-	141,121	-	-	-	-	-	-	-	141,121	-	141,121
Changes in ownership interests in subsidiaries	-	-	58,331	-	-	-	-	-	-	-	58,331	17,740	76,071
Share-based payment transactions	11,000	-	17,053	-	-	-	-	-	(24,042)	-	4,011	-	4,011
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	15,283	15,283
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	24,300	-	(24,300)	-	-	-	-	-
Balance at December 31, 2020	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 (Loss) for the year ended December 31, 2021	-	-	-	-	-	97,442	-	-	-	-	97,442	(35,197)	62,245
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	(2,540)	104,565	126,085	-	-	228,110	(143,128)	84,982
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	94,902	104,565	126,085	-	-	325,552	(178,325)	147,227
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	28,379	-	(28,379)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	40,168	(40,168)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(153,737)	-	-	-	-	(153,737)	-	(153,737)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	3,934	-	-	-	-	-	-	-	3,934	-	3,934
Capital increase by cash	93,764	-	906,236	-	-	-	-	-	-	-	1,000,000	-	1,000,000
Conversion of convertible bonds	-	10,980	108,414	-	-	-	-	-	-	-	119,394	-	119,394
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(108,254)	(108,254)	-	(108,254)
Changes in ownership interests in subsidiaries	-	-	1,720,903	-	-	-	-	-	-	-	1,720,903	10,498	1,731,401
Share-based payment transactions	(2,200)	-	14,454	-	-	-	-	-	16,146	30,892	59,292	-	59,292
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	771,051	771,051
Balance at December 31, 2021	**$ 1,274,159**	**10,980**	**4,692,857**	**44,623**	**40,168**	**158,719**	**(12,414)**	**202,896**	**(7,896)**	**(77,362)**	**6,326,730**	**1,327,580**	**7,654,310**

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

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

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
Cash flows from (used in) operating activities:			
Profit before tax	$	338,603	304,368
Adjustments:			
Adjustments to reconcile profit:			
Depreciation expenses		711,051	712,019
Amortization expenses		41,709	29,262
Expected credit losses		56,668	552
Net gain on financial assets at fair value through profit or loss		(71,694)	(5,476)
Interest expenses		54,843	54,742
Interest income		(9,613)	(10,921)
Dividend income		(15,467)	(8,495)
Share-based payment transactions		28,400	5,434
Shares of (profit) loss of associates and joint ventures accounted for using equity method		(2,336)	17,108
Losses on disposal of property, plant and equipment		433	383
Losses on disposal of investments accounted for using equity method		-	10,800
Loss (Gain) on lease modification		5,913	(16)
Total adjustments to reconcile profit		799,907	805,392
Changes in operating assets and liabilities:			
Changes in operating assets:			
Accounts and notes receivable		(682,736)	15,827
Other receivables		34,703	(200,233)
Inventories		41,350	(121,271)
Other current assets		(78,328)	(34,024)
Other financial assets		(429,833)	33,557
Total changes in operating assets		(1,114,844)	(306,144)
Changes in operating liabilities:			
Contract liabilities		(6,568)	132,182
Accounts and notes payable		55,036	809,139
Other payables		153,554	123,321
Receipts under custody		405,225	(196,890)
Other current liabilities		133,923	(139,170)
Other non-current liabilities		784	(3,141)
Total changes in operating liabilities		741,954	725,441
Total changes in operating assets and liabilities		(372,890)	419,297
Total adjustments		427,017	1,224,689
Cash flow generated from operations		765,620	1,529,057
Interest received		9,591	10,883
Dividends received		15,467	8,495
Interest paid		(42,302)	(51,084)
Income taxes paid		(11,510)	(84,874)
Net cash flows from operating activities		736,866	1,412,477
Cash flows used in investing activities:			
Acquisition of financial assets at fair value through other comprehensive income		(393,372)	(15,985)
Acquisition of financial assets designated at fair value through profit or loss		(93,759)	(34,588)
Proceeds from disposal of financial assets designated at fair value through profit or loss		23,040	-
Net cash flow from acquisition of subsidiaries		(1,067,079)	-
Acquisition of property, plant and equipment		(568,635)	(180,314)
Proceeds from disposal of property, plant and equipment		4,115	8,844
Acquisition of intangible assets		(7,659)	(21,570)
Increase in other financial assets		(9,376)	(7,051)
Other non-current assets		16,477	(67,156)
Net cash flows used in investing activities		(2,096,248)	(317,820)
Cash flows from financing activities:			
Increase (Decrease) in short-term borrowings		658,436	(40,000)
Proceeds from issuing bonds		-	1,605,790
Long-term borrowings		849,100	125,000
Repayments of long-term borrowings		(400,000)	(900,000)
Payments of lease liabilities		(501,372)	(508,274)
Cash dividends paid		(153,737)	(82,012)
Capital increase by cash		1,000,000	-
Payments to acquire treasury shares		(108,254)	-
Treasury shares sold to employees		30,892	-
Change in non-controlling interests		8,600	15,283
Net cash flows from financing activities		1,383,665	215,787
Effect of exchange rate changes on cash and cash equivalents		(24,807)	(31,685)
Net (decrease) increase in cash and cash equivalents		(524)	1,278,759
Cash and cash equivalents at beginning of period		8,147,763	6,869,004
Cash and cash equivalents at end of period	$	**8,147,239**	**8,147,763**

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

PCHOME ONLINE INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 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 February 25, 2022.

(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. 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, 2021:

- 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"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

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

(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 January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(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:

Standards or Interpretations	Content of amendment	Effective date per IASB
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 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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:

(4) Summary of Significant Accounting Policies

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

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

(a) Statement of compliance

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

(b) Basis of preparation

1.Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Cash-settled share-based payment liabilities are measured at fair value;

4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited.

2.Functional and presentation currency

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

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the abilities to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

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

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

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

2. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding 2021.12.31	Shareholding 2020.12.31	Note
The Company	PChome Store Inc.	Internet services	34.35 %	34.35 %	Note1
〃	Linktel Inc.	Type II Telecommunications Business	100.00 %	100.00 %	
〃	IT Home Publications Inc.	Magazine publication	100.00 %	100.00 %	
〃	PCHOME US INC.	E-commerce platform	91.97 %	91.97 %	
〃	PC HOME ONLINE INTERNATIONAL CO., LTD.	International trade and investment activities	100.00 %	100.00 %	
〃	ECOMMERCE GROUP CO., LTD.	Investment activities	- %	100.00 %	Note8
〃	Pi Mobile Technology Inc.	Online payment processing services	30.32 %	81.04 %	Note1
〃	PChome (Thailand) Co., Ltd.	E-commerce platform	66.25 %	66.25 %	
〃	PChome Travel Inc.	Travel agency business	100.00 %	100.00 %	
〃	PChome Financial Technology Inc.	Information service	100.00 %	100.00 %	
〃	PChome Holding Inc.	Investment activities	100.00 %	100.00 %	
〃	PChome Express Co., Ltd.	Transportation and logistics	100.00 %	100.00 %	
〃	Chunghwa PChome Fund 1 Co., Ltd.	Investment activities	50.00 %	50.00 %	

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

Name of investor	Name of subsidiary	Principal activity	Shareholding 2021.12.31	Shareholding 2020.12.31	Note
The Company	Cornerstone Ventures Co., Ltd.	Investment activities	51.00 %	51.00 %	
〃	PChome CB Co., Ltd.	E-commerce cross-border services	70.00 %	70.00 %	
〃	Mitch Co., Ltd.	Clothing sales	60.00 %	60.00 %	
〃	YunTan technology Inc.	Information processing and provision of electronic information	70.00 %	- %	Note4
〃	21st Century Technology Co., Ltd.	Financial data services	44.84 %	- %	Note5&11
〃	PChome Data Technology Co., Ltd.	Information processing and provision of electronic information	100.00 %	- %	Note9
〃	EC Global Limited	Investment activities	100.00 %	- %	Note6
〃	RUTEN GLOBAL INC.	〃	100.00 %	- %	Note2&7
PChome eBay Co., Ltd.	Pi Mobile Technology Inc.	Online payment processing services	3.06 %	6.14 %	Note5&11
〃	PChome Store Inc.	Internet services	22.16 %	22.16 %	Note1
〃	ECOSMOS PTE. LTD.	Information processing and provision of electronic information	100.00 %	- %	Note3
〃	21st Century Technology Co., Ltd.	Financial data services	0.87 %	- %	Note5&11
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 %	
PC HOME ONLINE INTERNATIONAL CO., LTD.	PCHOME ONLINE INC.	International trade and investment activities	100.00 %	100.00 %	
ECOMMERCE GROUP CO., LTD.	RUTEN GLOBAL INC.	Investment activities	- %	100.00 %	Note2&7
PCHOME ONLINE INC.	PC HOME ONLINE (HK) LTD.	Information service and indirect investment activities	100.00 %	100.00 %	
RUTEN GLOBAL INC.	EC Global Limited	Investment activities	- %	100.00 %	Note6
〃	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	65.00 %	
PChome Holding Inc.	PChome Marketplace Inc.	Investment activities	100.00 %	100.00 %	
PChome Marketplace Inc.	PChome Japan KK	International trading E-commerce	100.00 %	100.00 %	
〃	PChome Store Inc.	Internet services	35.78 %	35.78 %	Note1
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	〃	100.00 %	100.00 %	

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Name of investor	Name of subsidiary	Principal activity	Shareholding 2021.12.31	Shareholding 2020.12.31	Note
PChome CB Co., Ltd.	PCHOME CB PTE. LTD.	Internet services	100.00 %	100.00 %	
PCHOME CB PTE. LTD.	PChome Bibian Inc.	E-commerce cross-border services	100.00 %	100.00 %	
YunTan technology Inc.	einsure insurance broker Inc.	Insurance brokers	100.00 %	- %	Note4
21st Century Technology Co., Ltd.	FAN7 TOUR CO., LTD.	Travel agency business	100.00 %	- %	Note5
〃	21st Century Digital Technology Co., Ltd.	Digital finance services	100.00 %	- %	Note10
〃	Pi Mobile Technology Inc.	Online payment processing services	53.59 %	- %	Note5&11

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

Note 2: On May 6, 2021, the Board of Directors of the Group decided to dissolve Ruten Global Inc., which is still in progress.

Note 3: The subsidiary was established on June 4, 2021.

Note 4: The Company acquired 70% of YunTan technology Inc.’ s shares on July 1, 2021, and included them in the consolidated financial statements.

Note 5: The Company acquired 45.23% of 21st Century Technology Co., Ltd.’ s shares with cash and 50.53% equity of Pi Mobile Technology Inc. on October 1, 2021, and included them in the consolidated financial statements.The judgment regarding control of 21st Century Technology Co., Ltd., please refer to Note(5) for the descriptions.

Note 6: Organizational adjustment, to be directly held by the Company from October 2021.

Note 7: Organizational adjustment, to be directly held by the Company from November 2021.

Note 8: The subsidiary has completed the dissolution and liquidation procedures on November 3, 2021.

Note 9: The subsidiary was established on November 18, 2021.

Note 10: The subsidiary was established on December 30, 2021.

Note 11: PChome eBay Co., Ltd. transferred 3.06% of Pi Mobile Technology Inc. in exchange for newly issued common shares of 21st Century Technology Co., Ltd. The Company did not subscribe for the shares in proportion to its shareholding, resulting in a decrease in its shareholding ratio from 45.23% to 44.84%.

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

(d) Foreign Currency

1. Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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

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

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

2. It is held primarily for the purpose of trading;

3. It is expected to be realized within twelve months after the reporting period; or

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

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current:

1. It is expected to be settled in the normal operating cycle;

2. It is held primarily for the purpose of trading;

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

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

(f) Cash and cash equivalents

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

Time deposits with maturity within one year which are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and should be recognized as cash and cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

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

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

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

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

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

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

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

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

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

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

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

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

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

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

·prepayment and extension features; and

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

6) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2. Financial liabilities and equity instruments

1) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Other interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognizing of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled or expires. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

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

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

(i) Investment in associates

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

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

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

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

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

The depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

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

1. As a lessee

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

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

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

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

1) fixed payments, including in-substance fixed payments;

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

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

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

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

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

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

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

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

5) there is any lease modifications

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

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

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

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

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

As a practical expedient, the Group elects not to assess all rent concessions that meets all the conditions as follows are lease modifications or not:

— the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

— the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

— any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022;

— and there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

2. As a lessor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

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

(l) Intangible assets

1. Recognition and measurement

Goodwill arising from the acquisition of subsidiaries is included in intangible assets.

Other intangible assets, including software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

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

3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Software	3~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(n) Revenue

Revenue from contracts with customers

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

1) Sale of goods - consumer electronics

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

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

2) Services

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

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

3) Interest revenue from installment transactions

The Group runs the business of selling installments. The amount of the sales price exceeds cash sales has been recognized as unrealized interest revenue, and it has been recognized periodically as interest revenue from installment transactions using the interest method.

(o) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2. Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

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

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

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of the consideration transferred (which is generally measured at fair value) and the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognizes that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree, either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the provisional amounts for the items for which the accounting is incomplete are reported in the Group’s financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(s) Earnings per share

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

Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares, such as convertible bonds and employee compensation.

(t) Operating segments

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

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

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

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

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment regarding control of subsidiaries

The Group holds less than half of the voting rights of 21st Century Technology Co., Ltd. However, the Group considers that it has obtained more than half of the directors of 21st Century Technology Co., Ltd. The participation of other shareholders in the previous shareholders' meeting indicates that the Group has the actual ability to direct the relevant activities, so the Group considers 21st Century Technology Co., Ltd. as a subsidiary.

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

(a) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Refer to Note 6(k) for further description of the impairment of goodwill.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	2021.12.31	2020.12.31
Cash on hand	$ 1,683	1,184
Checking accounts	42,034	44,020
Savings accounts	6,914,475	6,534,858
Foreign currency deposits	45,755	42,230
Time deposits	1,113,007	1,520,852
Cash equivalents	30,285	4,619
Cash and cash equivalents in consolidated statement of cash flows	**$ 8,147,239**	**8,147,763**

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

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

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

	2021.12.31	2020.12.31
Mandatorily measured at fair value through profit or loss:		
Preferred stocks	$ 187,513	66,745
Foreign convertible bonds	52,714	33,568
Embedded derivative-call options	3,999	1,500
Total	**$ 244,226**	**101,813**

	2021.12.31	2020.12.31
Current	$ 52,714	33,568
Non-current	191,512	68,245
Total	**$ 244,226**	**101,813**

1.The Group acquired convertible bonds of and   for $0 thousand and $10,000 thousand in the third quarter of 2020.

2.The Group holds preferred stocks issued by domestic and foreign unlisted companies, all of which are non-cumulative preferred stocks with shareholder voting rights, and the dividends are paid at the agreed annual rate, which is adjusted and reset periodically in accordance with the agreed period. Most of the shares have the liquidation preference. According to the ranking order of the preferred stocks, if the targets must be liquidated while the Group holds their preferred stocks, the Group will have the opportunity to get the dividends which are same as the investment amount.

3.The maturity period of the foreign convertible bonds, which are issued by the foreign companies and held by the Group, was from 2022 to 2023, while the conversion period will start from 2022 to 2023.

4.The Group issued secured convertible bonds in the fourth quarter,2020. Relevant information please refer to Note (6)(o).

5.Relevant information for the price risk please refer to Note (6)(x).

6.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

	2021.12.31	2020.12.31
Equity instruments at fair value through other comprehensive income		
Stocks unlisted on domestic and foreign markets	$ 759,546	248,425
Foreign convertible bonds	8,336	-
Total	**$ 767,882**	**248,425**

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

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 has obtained three of the nine director seats on the board of directors of Miho International Cosmetic Co., Ltd. since July 1, 2020, and acquired significant influence over that company from that date. Therefore, the Group transferred this investment from non-current financial assets at fair value through other comprehensive income to investments accounted for using the equity method. The fair value at the time of disposal was $99,300 thousand, and the disposal profit amounted to $24,300 thousand. The accumulated disposal profit has been transferred from other equity interests to retained earnings. Since two of the three abovementioned directors resigned at December 9, 2021, the Group loss the significant influence over that company from that date. The Group transferred this investment from investments accounted for using the equity method to non-current financial assets at fair value through other comprehensive income. Relevant information please refer to Note (6)(f).

3. For the relevant information about preferred stocks and foreign convertible bonds that are held by the Group, please refer to Note (6)(b).

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 long-term receivables

	2021.12.31	2020.12.31
Notes receivable-measured as amortized cost	$ 322	550
Trade receivable-measured as amortized cost	3,375,136	498,130
Trade receivable-fair value through other comprehensive income	880,501	-
Other receivables-measured as amortized cost	1,329,924	1,361,589
Lease receivable	1,391	4,681
Less: Allowance for impairment losses	(249,975)	(1,162)
Less: Unrealized interest revenue	(735,027)	-
	$ 4,602,272	**1,863,788**
Current	$ 4,036,631	1,863,788
Non-current	565,641	-
	$ 4,602,272	**1,863,788**

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

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:

	2021.12.31		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 4,247,456	0.004%~0.29%	8,482
Past under 180 days	394,988	10%~100%	34,402
Over 181 days past due	209,803	15%~100%	207,091
	$ 4,852,247		**249,975**

	2020.12.31		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
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
	$ 1,864,950		**1,162**

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

	2021	**2020**
Balance at January 1	$ 1,162	1,412
Acquisition through business combinations	205,256	-
Impairment losses recognized	56,668	552
Amounts written off	(13,111)	(802)
Balance at December 31	**$ 249,975**	**1,162**

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

The Group entered into an agreement with different financial institutions to sell its accounts receivable. Under the agreement, the Group will guarantee all receivables that cannot be recovered (whether deferred payment or breach the contract) during a specified period. The Group retains all the risks and rewards of such receivables and does not qualify for derecognition of financial assets. As of December 31, 2020, the carrying amount of transferred receivables and related financial liabilities as follows:

2021.12.31						
Purchaser		**Foreclosed amount**	**Credit line**	**Amount advanced paid (reported on short-term borrowings)**	**Range of interest Rate**	**Collateral**
KGI Bank	$	275,000	240,000	220,000	2.27% ~ 2.64%	Promissory notes
Far Eastern International Bank	$	339,136	360,000	311,569	2.965%	Pledge deposits and promissory notes
CMI Credit LTD.	$	266,365	500,000	223,670	3.86%	Pledge deposits and promissory notes

In 2021, the Group provided promissory notes of $700,000 thousand for guaranteed the performance of the above contracts with repurchase agreements to those companies and banks undertaking the sale of the accounts receivable.

In addition, part of the accounts receivable of the Group are installment payments of goods received from the distributors, and the parties agree to proceed by the agreed terms of the agreement with respect to the payment of all the formalities and expenses associated with the assignment of the debt. The sale of accounts receivable is a non-resource transaction, and the seller is not liable for the performance of the debtor's obligations after the transaction is completed.

(e) Inventories

		2021.12.31	2020.12.31
Merchandise inventories	$	1,784,571	1,823,632
Less: Allowance for inventory valuation and obsolescence losses		(19,503)	(17,214)
	$	**1,765,068**	**1,806,418**

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

The details of operating cost were as follows:

	2021	2020
Cost of goods sold	$ 42,999,367	38,863,824
Interest cost	12,205	-
Provision for inventory market price decline and obsolescence	2,289	7,689
Loss on physical inventory	3,663	2,753
Loss on disposal of scrap	6,103	1,175
	$ 43,023,627	38,875,441

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

(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:

	2021.12.31	2020.12.31
Associates	$ 39,532	34,432

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 2021.12.31	2020.12.31
Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	Taiwan	26.47 %	26.47 %
Ruten Japan KK	Information processing and provision of electronic information	Japan	28.49 %	49.00 %

The Group has lost its significant influence on Miho International Cosmetic Co., Ltd. since December 9, 2020. The Group transferred this investment from investments accounted for using the equity method to non-current financial assets at fair value through other comprehensive income. The fair value of the investment at the time of disposal was $89,325 thousand, and the cumulative disposal loss was $9,099 thousand, which is recognized at other gains and losses. Please refer to Note (6)(c) for details.

2.Collateral

As of December 31, 2021 and 2020, the Group did not provide any investment accounted for using equity method as collateral.

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

(g) Acquisition of subsidiary

1.YunTan technolgy Inc.

1) The Group acquired 70% shares of YunTan technology Inc. for $54,250 thousand and gained control over it on July 1, 2021.

2) Acquisition of identifiable asset and liabilities assumed

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

Cash and cash equivalents	$	32,423
Other current assets		1,059
Property, plant and equipment		595
Intangible assets (Note 6(k))		29,077
Other non-current assets		765
Other payables		(7,473)
Other current liabilities		(33)
The fair value of identifiable net assets	**$**	**56,413**

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred (cash)	$	54,250
Non-controlling interest (measured by proportionate share of the fair value of the identifiable net assets)		16,924
Less: fair value of identifiable net assets		(56,013)
Goodwill	**$**	**15,161**

Goodwill is attributable mainly to the insurance-relating technical services owned by YunTan technology Inc. for its future benefits.

In the six-month period from the acquisition date to December 31, 2021, YunTan technology Inc. contributed its revenue and net loss amounting to $2,784 thousand and $5,845 thousand, respectively, to the Group. If the acquisition had occurred on January 1, 2021, the management estimated that the revenue would have been $3,815 thousand, and the loss would have been $10,884 thousand. In determining these amounts, the management assumed that if the acquisition had occurred on January 1, 2021, the adjustment for provisional fair value would have been the same.

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

2. 21st Century Technology Co., Ltd.

1) On September 17, 2021, the Company was approved by the resolution of the Board of Directors to integrate the resources of both parties, strengthen the Group's layout in financial services, and enhance the competitiveness and business advantages of both parties in line with the Group's development strategy. The Group acquired 45.23% shares of 21st Century Technology Co., Ltd. with $2,176,262 thousand in cash and 50.53% equity of Pi Mobile Technology Inc. at fair value of $1,853,758 thousand, and gained control over it on October 1, 2021.

As of December 31, 2021, the amount of $1,095,949 thousand was not paid for the related cash acquisition, which was recorded as other payables and long-term payables, respectively.

21st Century Technology Co., Ltd. Increased capital by share swap in December, 2021. The Company did not subscribe for the shares in proportion to its shareholding, resulting in a decrease in its shareholding ratio from 45.23% to 44.84%.

On January 3, 2022, the Company also conducted a second share swap by exchanging 13,413 thousand shares of Pi Mobile Technology Inc. 3,996 thousand newly issued shares of 21st Century Technology Co., Ltd., resulting in an increase in the shareholding ratio from 44.84% to 47.56%, and the registration procedures have been completed.

2) Acquisition of identifiable asset and liabilities assumed.

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

Cash and cash equivalents	$	40,622
Accounts receivable		1,768,854
Other current assets		3,353
Long-term investments accounted for using equity method		135,754
Property, plant and equipment		5,240
Right-of-use assets		4,054
Intangible assets (Note(6)(k))		556,851
Deferred tax assets		51,210
Other non-current assets		423,806
Short-term borrowings and notes		(1,105,231)
Current contract liabilities		(1,665)
Accounts payable		(85,369)
Current tax liabilities		(60,205)
Lease liabilities		(4,054)
Other current liabilities		(1,023)
Shareholder current account		(371,000)
The fair value of identifiable net assets	**$**	**1,361,197**

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

If there is any information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional provisions as at the acquisition date, the acquisition accounting will be revised.

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred (cash)	$	2,176,262
Consideration transferred (equity of Pi Mobile Technology Inc.)		1,853,758
Non-controlling interest (measured by proportionate share of the fair value of the identifiable net assets)		745,527
Less: fair value of identifiable net assets		(1,361,197)
Goodwill	**$**	**3,414,350**

Goodwill is attributable mainly to the digital financial services owned by 21st Century Technology Co., Ltd. for its future benefits.

In the three-month period from the acquisition date to December 31, 2021, the revenue and net profit contributed by 21st Century Technology Co., Ltd. were $266,739 thousand and $13,631 thousand, respectively. If the acquisition had occurred on January 1, 2021, the management estimated that the revenue from January 1, 2021 to December 31, 2021 would have been $929,098 thousand and the net profit would have been $329,012 thousand. In determining these amounts, the management assumed that if the acquisition occurred on January 1, 2021, the adjustments of provisional fair value would have been the same.

(h) Material non-controlling interests of subsidiaries

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

		Percentage of non-controlling interests	
Subsidiaries	**Main operation place**	**2021.12.31**	**2020.12.31**
PChome eBay Co., Ltd.	Taiwan	35.00 %	35.00 %
Chunghwa PChome Fund 1 Co., Ltd.	Taiwan	50.00 %	50.00 %
21st Century Technology Co., Ltd.	Taiwan	54.29 %	- %

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

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

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

	2021.12.31	2020.12.31
Current assets	$ 1,308,223	912,730
Non-current assets	46,583	86,610
Current liabilities	(522,075)	(246,590)
Non-current liabilities	-	(5,763)
Net assets	**$ 832,731**	**746,987**
Non-controlling interests	**$ 291,456**	**261,446**

	2021	2020
Operating revenue	**$ 952,561**	**893,101**
Net profit	$ 83,377	77,899
Other comprehensive income	(18)	790
Total comprehensive income	**$ 83,359**	**78,689**
Profit, attributable to non-controlling interests	**$ 29,182**	**27,265**
Comprehensive income, attributable to non-controlling interests	**$ 29,175**	**27,541**

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

	2021.12.31	2020.12.31
Current assets	$ 257,811	319,322
Non-current assets	187,513	66,745
Current liabilities	(1,008)	(354)
Net assets	**$ 444,316**	**385,713**
Non-controlling interests	**$ 222,158**	**192,856**

	2021	2020
Net profit (loss)	$ 58,603	(2,450)
Other comprehensive income	-	-
Total omprehensive income (loss)	**$ 58,603**	**(2,450)**
Profit (Loss), attributable to non-controlling interests	**$ 29,301**	**(1,225)**
Comprehensive income (loss), attributable to non-controlling interests	**$ 29,301**	**(1,225)**

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

3.21st Century Technology Co., Ltd.'s collective financial information:

	2021.12.31
Current assets	$ 2,172,761
Non-current assets	1,309,218
Current liabilities	(1,515,806)
Non-current liabilities	(597,197)
Net assets	$ **1,368,976**
Non-controlling interests	$ **745,822**

	2021
Operating revenue	$ **266,739**
Net profit	13,631
Other comprehensive income	-
Total comprehensive income	$ **13,631**
Profit attributable to non-controlling interests	$ **1,309**
Comprehensive income, attributable to non-controlling interests	$ **1,309**

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Leased assets	Testing equipment	Total
Cost:						
Balance at January 1, 2021	$ 88,693	1,180,183	486,791	16,115	-	1,771,782
Acquired through business combination	-	4,087	6,975	-	-	11,062
Additions	7,669	114,260	28,901	-	440,768	591,598
Obsolescence	-	(48,849)	(1,511)	-	-	(50,360)
Disposals	-	(2,035)	-	(9,608)	-	(11,643)
Effect of movements in exchange rates	-	(1,132)	-	-	-	(1,132)
Balance at December 31, 2021	$ **96,362**	**1,246,514**	**521,156**	**6,507**	**440,768**	**2,311,307**
Balance at January 1, 2020	$ 58,684	1,145,503	469,909	16,363	-	1,690,459
Additions	30,009	131,069	27,155	-	-	188,233
Obsolescence	-	(62,341)	(1,042)	-	-	(63,383)
Disposals	-	(33,535)	(9,231)	(248)	-	(43,014)
Effect of movements in exchange rates	-	(513)	-	-	-	(513)
Balance at December 31, 2020	$ **88,693**	**1,180,183**	**486,791**	**16,115**	**-**	**1,771,782**

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

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Leased assets	Testing equipment	Total
Depreciation and impairment loss:						
Balance at January 1, 2021	$ 15,749	840,282	334,426	11,535	-	1,201,992
Acquired through business combination	-	2,129	3,098	-	-	5,227
Depreciation for the year	11,549	146,186	44,690	2,630	-	205,055
Obsolescence	-	(45,515)	(1,136)	-	-	(46,651)
Disposals	-	(1,900)	-	(8,905)	-	(10,805)
Effect of movements in exchange rates	-	(626)	-	-	-	(626)
Balance at December 31, 2021	**$ 27,298**	**940,556**	**381,078**	**5,260**	**-**	**1,354,192**
Balance at January 1, 2020	$ 5,916	786,821	304,186	8,560	-	1,105,483
Depreciation for the year	9,833	143,649	37,244	3,223	-	193,949
Obsolescence	-	(62,340)	(660)	-	-	(63,000)
Disposals	-	(27,578)	(6,344)	(248)	-	(34,170)
Effect of movements in exchange rates	-	(270)	-	-	-	(270)
Balance at December 31, 2020	**$ 15,749**	**840,282**	**334,426**	**11,535**	**-**	**1,201,992**
Carrying amounts:						
Balance at December 31, 2021	**$ 69,064**	**305,958**	**140,078**	**1,247**	**440,768**	**957,115**
Balance at December 31, 2020	**$ 72,944**	**339,901**	**152,365**	**4,580**	**-**	**569,790**

The Group purchased relevant equipment for operation in 2021. For relevant significant contracts, please refer to Note (9)(f). As of December 31, 2021 and 2020, the property, plant and equipment were not pledged as collateral.

(j) Right-of-use assets

The cost and depreciation of the right-of-use assets of the Group for the years ended December 31, 2021 and 2020, 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
Acquisition through business combination	4,054	-	-	4,054
Additions	155,901	-	6,256	162,157
Decrease	(81,782)	(73,079)	(1,166)	(156,027)
Effect of changes in foreign exchange rates	(1,943)	-	-	(1,943)
Balance as of December 31, 2021	**$ 3,479,716**	**-**	**6,255**	**3,485,971**
Balance as of January 1, 2020	$ 3,402,610	73,079	1,165	3,476,854
Additions	40,576	-	-	40,576
Decrease	(39,390)	-	-	(39,390)
Effect of changes in foreign exchange rates	(310)	-	-	(310)
Balance as of December 31, 2020	**$ 3,403,486**	**73,079**	**1,165**	**3,477,730**

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

	Buildings	Machinery and equipment	Transportation equipment	Total
Accumulated depreciation:				
Balance as of January 1, 2021	$ 981,088	26,983	763	1,008,834
Depreciation for the year	499,270	5,621	1,105	505,996
Other decrease	(74,365)	(32,604)	(1,166)	(108,135)
Effect of changes in foreign exchange rates	(1,097)	-	-	(1,097)
Balance as of December 31, 2021	**$ 1,404,896**	**-**	**702**	**1,405,598**
Balance as of January 1, 2020	$ 503,592	13,491	281	517,364
Depreciation for the year	504,096	13,492	482	518,070
Other decrease	(26,441)	-	-	(26,441)
Effect of changes in foreign exchange rates	(159)	-	-	(159)
Balance as of December 31, 2020	**$ 981,088**	**26,983**	**763**	**1,008,834**
Carrying amount:				
Balance as of December 31, 2021	**$ 2,074,820**	**-**	**5,553**	**2,080,373**
Balance as of December 31, 2020	**$ 2,422,398**	**46,096**	**402**	**2,468,896**

(k) Intangible assets

The costs and amortization and impairment loss of intangible assets of the Group for the years ended December 31, 2021 and 2020, were as follows:

	Software	Goodwill	Concession	Others	Total
Cost:					
Balance at January 1, 2021	$ 193,571	99,358	-	-	292,929
Acquired through business combination	9,366	3,429,511	501,290	81,848	4,022,015
Acquired separately	11,877	-	-	-	11,877
Disposal and obsolescence	(8,129)	-	-	-	(8,129)
Effect of movements in exchange rates	(315)	-	-	-	(315)
Balance at December 31, 2021	**$ 206,370**	**3,528,869**	**501,290**	**81,848**	**4,318,377**
Balance at January 1, 2020	$ 176,711	99,358	-	-	276,069
Acquired separately	17,119	-	-	-	17,119
Disposal and obsolescence	(74)	-	-	-	(74)
Effect of movements in exchange rates	(185)	-	-	-	(185)
Balance at December 31, 2020	**$ 193,571**	**99,358**	**-**	**-**	**292,929**
Amortization and impairment losses:					
Balance at January 1, 2021	$ 151,413	-	-	-	151,413
Acquired through business combination	6,414	-	-	-	6,414
Amortization for the year	26,136	-	13,548	2,025	41,709
Disposal and obsolescence	(8,129)	-	-	-	(8,129)
Effect of movements in exchange rates	(282)	-	-	-	(282)
Balance at December 31, 2021	**$ 175,552**	**-**	**13,548**	**2,025**	**191,125**

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

	Software	Goodwill	Concession	Others	Total
Balance at January 1, 2020	$ 122,359	-	-	-	122,359
Amortization for the year	29,262	-	-	-	29,262
Disposal and obsolescence	(74)	-	-	-	(74)
Effect of movements in exchange rates	(134)	-	-	-	(134)
Balance at December 31, 2020	$ 151,413	-	-	-	151,413
Carrying amounts:					
Balance at December 31, 2021	$ 30,818	3,528,869	487,742	79,823	4,127,252
Balance at December 31, 2020	$ 42,158	99,358	-	-	141,516

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

	2021	2020
Operating cost	$ 265	364
Operating expense	$ 41,444	28,898

2.The Group acquired YunTan technology Inc. on July 1, 2021, resulting in the gain on goodwill and concession amounting to $15,161 thousand and $28,677 thousand, respectively. For other information, please refer to Note(6)(g).

The Group acquired 21st Century Technology Co., Ltd. on October 1, 2021, resulting in the gain on goodwill $3,414,350 thousand, channel relationships $501,290 thousand and other intangible assets $53,269 thousand. For other information, please refer to Note(6)(g).

3.Cash generating units of goodwill apportioned to the consolidated company

	2021.12.31	2020.12.31
PChome CB Co., Ltd.	$ 99,358	99,358
Yun Tan Technology Inc.	15,161	-
21st Century Technology Co., Ltd.	3,414,350	-
Total	$ 3,528,869	99,358

4.Tests of Goodwill impairments

According to IAS 36, the impairment test for goodwill acquired by a business combination should be conducted at least annually, which is to allocate goodwill to cash-generating units that are expected to benefit from the consolidated synergy, and to assess whether the impairment of goodwill is required to be included in the calculation of the use value of each cash-generating unit and the carrying amount of net assets.

According to the analysis report on the valuation of equity calculated by the merging company entrusted by experts at the time of merger and acquisition, the recoverable amount of each cash generating unit is still greater than the book amount, so the loss of impairment is not recognized.

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

The recoverable amount of each cash generating unit is determined on the basis of the use value assessed by the independent appraiser, which is calculated on the basis of the financial projections of cash flows approved by management, and the key assumptions used regardless of the use values are as follows:

1) PChome CB Co., Ltd.

	2021.12.31
Discount rate	23.42 %

2) Yun Tan Technology Inc.

	2021.12.31
Discount rate	11.53 %

3) 21st Century Technology Co., Ltd.

	2021.12.31
Discount rate	6.98 %

(l) Short-term borrowings

	2021.12.31	2020.12.31
Unsecured bank loans	$ 850,000	500,000
Secured bank loans	617,069	-
Other short-term loans	546,598	-
Loans from related parties	220,000	-
Short-term notes and bills payable	30,000	-
	$ 2,263,667	500,000
Unused short-term credit line	$ 4,526,823	2,629,080
Range of interest rates	0.97%~4.00%	1.10%~1.20%

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

The Group's guaranteed bank and other borrowings arising from the alienation of claims receivable, please refer to Note (6)(d) for relevant explanations.

For details of loans and guarantees provided by related parties, please refer to Note (7).

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

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

	2021.12.31	2020.12.31
Current contract liabilities	$ 549,200	554,103
Receipts under custody-online payment processing service mainly	1,813,698	1,408,473
Current refund liabilities	37,882	42,999
Other	542,393	402,264
	$ 2,943,173	2,407,839

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, and were recognized under current liabilities.

(n) Long-term borrowings

The details were as follows:

	2021.12.31			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	0.16%~1.16%	2028	$ 368,400
Secured bank loans	TWD	0.75%~1.345%	2025	505,700
Other long-term borrowings	TWD	3.99%	2024	150,000
Loans from related parties	TWD	1.00%	2023	421,000
Less: current portion				(226,625)
Total				$ 1,218,475
Unused long-term credit lines				$ 2,626,955

	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				$ 425,000
Unused long-term credit lines				$ 50,000

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

The circumstances of the Group setting mortgage on assets as a guarantee for bank 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 December 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., Pi Mobile Technology Inc., and PChome Bibian Inc., as of December 31, 2021. For the information about guarantees and endorsements for other parties, please refer to Note (13)(a).

For details of loans and guarantees provided by related parties, please refer to Note (7).

(o) Bonds payable

The details of secured convertible bonds were as follows:

	2021.12.31	2020.12.31
Total convertible corporate bonds issued	$ 1,500,000	1,500,000
Unamortized discounted corporate bonds payable	(17,464)	(29,700)
Cumulative converted amount	(121,000)	-
Balance of corporate bonds issued	**$ 1,361,536**	**1,470,300**
Embedded derivative – call options, included in financial assets at fair value through profit or loss	**$ 3,999**	**1,500**
Equity component – conversion options, included in capital surplus– stock options	**$ 129,737**	**141,121**

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

	2021	2020
Embedded derivative instruments – call options, included in other gains or losses	**$ 2,499**	**(1,650)**
Interest expense	**$ 10,630**	**2,481**

The Company issued secured 3-year convertible bonds at October 7, 2020, the face value of this bond amounted to $1,500,000 thousand, coupon rate is 0% 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.

After the bond has been issued for over 3 months and before 40 days, if the closing price of the Company' s common shares listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price for 30 consecutive days, the Company will gets the right to redeem the bonds with cash based on face value.

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

The face value of the convertible bonds amounting to $121,000 thousand has been converted and has been recognized as $10,980 thousand advance receipts for share capital. Additionally, it caused the decrease of the initially recognized capital surplus—stock options of convertible bonds and discount on bonds payable amounting to $11,384 thousand and $1,606 thousand, respectively. The net converted amount exceeded the face value of converting common stocks and therefore the amount of $119,798 thousand was recognized as capital surplus—premium on bonds payable conversion.

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).

(p) Lease liabilities

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

	2021.12.31	2020.12.31
Current	$ 451,788	500,102
Non-current	$ 1,685,427	2,018,307

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

The amounts recognized in profit or loss were as follows:

	2021	2020
Interests on lease liabilities	$ 27,875	33,562
Expenses relating to short-term leases	$ 41,133	38,413
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ 6,107	5,753

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

	2021	2020
Total cash outflow for leases	$ 576,487	586,002

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.

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

(q) Income taxes

1. Income tax expense recognized in profits or losses

The amounts of income tax were as follows:

	2021	2020
Current income tax expenses:		
Current period	$ 318,064	86,823
5% surtax on unappropriated earnings	3,549	1,265
Adjustment for prior periods	(20,255)	(22,477)
	301,358	65,611
Deferred tax expense:		
Origination and reversal of temporary differences	(25,000)	17,883
Income tax expenses	**$ 276,358**	**83,494**

Income tax benefit recognized in other comprehensive income:

	2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement from defined benefit plans	**$ 635**	**(1,813)**

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

	2021	2020
Profit excluding income tax	**$ 338,603**	**304,368**
Income tax using the domestic tax rate of each company	3,740	27,043
Permanent differences-the share of loss of domestic subsidiaries, etc.	43,350	17,228
Change in unrecognized temporary differences	95,645	59,730
Over provision in prior periods	(20,255)	(22,477)
5% surtax on unappropriated earnings	3,549	1,265
Income basic tax	150,329	705
Total	**$ 276,358**	**83,494**

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

2. Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	2021.12.31	2020.12.31
Deductible Temporary Differences	$ 880	2,826
Tax losses	865,066	762,453
	$ 865,946	**765,279**

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

As of December 31, 2021, the Group had not recognized the prior years' loss carry-forwards as deferred tax assets. The expiry years are as follows:

Year of Occurrence	Operating Loss Carry Forwards	Year of Expiration
2012	$ 3,287	2022
2013	4,733	2023
2014	6,578	2024
2015	14,400	2025
2016	35,407	2026
2017	1,095,321	2027
2018	2,091,367	2028
2019	219,564	2029
2020	315,555	2030
2021	539,120	2031
	$ 4,325,332	

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

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 are as follows:

	Bad debt Expense	Unrealized Gain (Loss) of Investment	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2021	$ -	-	1,651	1,651
Debited (Credited) Income statement	-	-	270	270
Debited (Credited) Other Comprehensive Income	-	-	(513)	(513)
Balance at December 31, 2021	**$ -**	**-**	**1,408**	**1,408**
Balance at January 1, 2020	$ -	-	779	779
Debited (Credited) Income statement	-	-	234	234
Debited (Credited) Other Comprehensive Income	-	-	638	638
Balance at December 31, 2020	**$ -**	**-**	**1,651**	**1,651**
Deferred Tax Assets:				
Balance at January 1, 2021	$ -	28,492	15,637	44,129
Acquired through business combination	36,310	-	14,900	51,210
(Debited) Credited Income statement	7,489	4,028	13,757	25,274
(Debited) Credited Other Comprehensive Income	-	-	122	122
Balance at December 31, 2021	**$ 43,799**	**32,520**	**44,416**	**120,735**
Balance at January 1, 2020	$ -	49,220	13,733	62,953
(Debited) Credited Income statement	-	(20,728)	3,079	(17,649)
(Debited) Credited Other Comprehensive Income	-	-	(1,175)	(1,175)
Balance at December 31, 2020	**$ -**	**28,492**	**15,637**	**44,129**

3. The Company’s tax returns for the years through 2019 were examined and approved by the Taipei National Tax Administration.

(r) Capital and other equity

As of December 31, 2021 and 2020, the total value of nominal ordinary shares amounted to $1,500,000 thousand. The face value of each share is $10. There were 127,416 thousand and 118,259 thousand of ordinary shares issued (including the issuance of the employee restricted shares amounted to 880 thousand and 1,100 thousand shares for 2021 and 2020, respectively. All issued shares were paid up upon issuance.

On September 17, 2021, the Board of Directors resolved to issue 10,000 thousand common shares at a private placement price of $106.65 per share, and par value per share is $10. The Company determined the base date for the capital increase to be on October 1, 2021, and the actual issued shares are 9,377 shares. The relevant statutory registration procedures have been completed.

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

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to section 43(8) requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private placement securities (November 18, 2021), and after applying for a public offering with the Financial Supervisory Commission.

In November 2021, due to exercising the right to convert corporate bonds, the denomination of corporate bonds was reduced by $121,000 thousand, and the Company applied for the conversion of 1,098 thousand ordinary shares. The relevant statutory registration procedures have not been completed, and the amount was recognized under advance receipts for share capital.

1. Capital surplus

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

		2021.12.31	2020.12.31
Share capital	$	2,600,396	1,694,160
Conversion premium		119,798	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed		1,714,997	8,643
Changes in equity of subsidiaries		92,488	77,939
Changes in equity of investment in associates and joint ventures accounted for using the equity method		3,934	-
Issuance of convertible bonds		129,737	141,121
Share based payment transactions—employee restricted shares		29,369	17,053
Share based payment transactions—treasury stock		2,138	-
Total	$	**4,692,857**	**1,938,916**

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.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

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

3) Earnings distribution

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 16, 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.

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

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, in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of December 31, 2021, a total of 1,230 thousand shares have been bought back at a cost of $108,254 thousand. The cost does not exceed the upper limit amount $108,440 thousand approved by the Board of Directors.

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.

On August 6, 2021, and November 3, 2021, the Board of the Directors of the Company resolved to transfer treasury shares to employees at the transfer price of $88.01 per share, and the actual number of shares transferred were 333 thousand shares and 18 thousand shares, respectively.

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	104,565	-	-
Unrealized gain from financial assets measured at fair value through other comprehensive income	-	126,085	-
Share-based payment transactions	-	-	16,146
Balance at December 31, 2021	**$ (12,414)**	**202,896**	**(7,896)**
Balance at January 1, 2020	$ (24,825)	73,025	-
Exchange differences on foreign operations	(92,154)	-	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	28,086	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(24,300)	-
Share-based payment	-	-	(24,042)
Balance at December 31, 2020	**$ (116,979)**	**76,811**	**(24,042)**

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

5. Non-controlling Interests

		2021	2020
Balance at January 1	$	724,356	724,314
Shares of non-controlling interests			
Loss for the years ended December 31		(35,197)	(31,920)
Foreign currency translation differences for foreign operations		(143,128)	(1,613)
Remeasurement from defined benefit plans		-	552
Changes in ownership interests in subsidiaries		10,498	17,740
Changes in non-controlling interests		771,051	15,283
Balance at December 31	$	**1,327,580**	**724,356**

(s) Share-based payment

The Group had two shared-based payment arrangements as follows as of December 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.

As of December 31, 2021, the employees who are granted the above-mentioned restricted employee rights but did not meet the acquired conditions, their shares have been recovered and canceled by the Company amounting to 220 thousand shares. The relevant statutory registration procedures have been completed.

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

2. Share-based payment transactions

	Equity-settled		
	Treasury stocks transferred to employees	**Treasury stocks transferred to employees**	**Employee stock options**
Grant date	August 6, 2021	November 3, 2021	May 25, 2017
Number of shares granted	333,000 shares	18,000 shares	33,372,000 units
Contract term	2 years	2 years	4 years
Vesting conditions	Immediately vested	Immediately vested	Note 1

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

1) Determining the fair value of equity instruments granted

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

	Treasury stocks transferred to employees	**Treasury stocks transferred to employees**	**Employee stock option**
Fair value at grant date	4.88	17.96	-
Stock price at grant date	91.18	105.64	-
Exercise price	-	-	USD 0.09
Expected volatility (%)	46.82%	42.65%	28.78%~60.78%
Expected life of the option (years)	-	-	5 years
Risk-free interest rate (%)	0.0484%	0.0909%	0.95%~1.31%

2) Information on employee stock options

(Unit: Thousands)

	For the years ended December 31,			
	2021		2020	
	Weighted-average exercise price	**Numbers of options**	**Weighted-average exercise price**	**Numbers of options**
Balance, beginning of January 1	USD 0.09	17,468	USD 0.09	18,954
Options granted	-	351	-	-
Options forfeited	-	(1,478)	-	(1,486)
Options exercised	-	(351)	-	-
Options expired	-	-	-	-
Balance, end of December 31	0.09	**15,990**	0.09	**17,468**
Options exercisable, end of December 31	-	**15,990**	-	**14,103**

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

3. Expenses and liabilities resulted from share-based payments

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

	2021	2020
Salary expenses	$ 28,424	5,434

(t) Earnings per share

The Company calculated the basic and diluted EPS as follows:

1. Basic earnings per share (NT dollars)

	2021	2020
Profit attributable to common stockholders of the Company	$ 97,442	252,794
Weighted-average number of ordinary shares	116,588	117,159
Basic earnings per share (NT dollars)	$ 0.84	2.16

2. Diluted earnings per share (NT dollars)

	2021	2020
Profit attributable to common stockholders of the Company	$ 97,442	252,794
Interest expense on convertible bonds, net of tax	6,505	3,305
Profit attributable to ordinary shareholders of the Company (diluted)	$ 103,947	256,099
Weighted-average number of ordinary shares (basic)	116,588	117,159
Unvested employee restricted shares	969	186
Influence of conversion of convertible bonds	12,801	13,393
Effect of employee stock compensation	231	311
Weighted-average number of ordinary shares (diluted)	130,589	131,049
Diluted earnings per share (NT Dollar)	$ 0.80	1.95

(u) Revenue from contracts with customers

	2021	2020
Revenue of electronic commerce	$ 48,149,317	43,691,528
Revenue of non-electronic commerce	430,050	178,324
	$ 48,579,367	43,869,852

For details on accounts receivables and allowance for impairment, please refer to Note (6)(d).

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

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were $554,103 thousand and $421,921 thousand, respectively.

(v) Remunerations to employees, directors and supervisors

In accordance with the articles of the Company should contribute 1%~15% of the profit as employee compensation and less than 1.5% as directors' and supervisors' remuneration when there is profit for the year. 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.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to $23,702 thousand and $24,777 thousand, and directors' and supervisors' remuneration amounting to $2,660 thousand and $2,781 thousand. If there would be any changes after the reporting date in the following year, the changes would be treated as changes in accounting estimates and recognized as profit or loss in following year. Related information would be available at the Market Observation Post System website.

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. The actual remunerations paid to employees and directors and supervisors were no difference between the estimated amount. Related information would be available at the Market Observation Post System website.

(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	2021	2020
Interest income from bank deposits	$ 9,151	10,761
Other interest income		
Interest income on lease receivable	38	84
Other	424	76
Total interest income	**$ 9,613**	**10,921**

2. Other income

The details of other income were as follows:

	2021	2020
Dividend income	$ 15,467	8,495
Income from fines and penalties	32,982	-
Other income	28,973	48,708
Total other income	**$ 77,422**	**57,203**

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

3. Other gains and losses, net

The details of other gains and losses were as follows:

	2021	2020
Gains on disposal of property, plant and equipment	$ (433)	(383)
Losses on disposal of investments	-	(10,800)
Lease modification	(5,913)	-
Foreign currency exchange losses	(1,580)	(2,492)
Gains on current financial assets at fair value through profit or loss	71,694	5,476
Others	(1,170)	(11)
Other gains and losses, net	**$ 62,598**	**(8,210)**

4. Finance costs

The details of finance cost were as follows:

	2021	2020
Interest expense	**$ 54,843**	**54,742**

(x) Financial instruments

1. Credit risk

Credit risks exposure

The carrying amount of financial assets represents the maximum exposure to credit risk. As of December 31, 2021 and 2020, the maximum exposure to credit risk amounted to $14,319,950 thousand and $11,000,989 thousand, respectively.

2. Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Balance at December 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings	$ 2,263,667	2,263,667	1,923,167	340,500	-	-	-
Accounts and notes payable	3,924,004	3,924,004	3,924,004	-	-	-	-
Other payables	1,722,756	1,722,756	1,689,077	33,679	-	-	-
Receipts under custody	1,813,698	1,813,698	1,813,698	-	-	-	-
Lease liability	2,137,215	2,137,215	246,605	205,183	425,445	1,061,550	198,432
Long-term borrowings	1,445,100	1,445,100	50,000	176,625	577,500	499,619	141,356
Bonds payable	1,361,536	1,379,000	-	-	1,379,000	-	-
Long-term payables	549,438	549,438	-	-	549,438	-	-
	$ 15,217,414	**15,234,878**	**9,646,551**	**755,987**	**2,931,383**	**1,561,169**	**339,788**

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Balance at December 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings	$ 500,000	500,000	500,000	-	-	-	-
Accounts and notes payable	3,868,968	3,868,968	3,868,968	-	-	-	-
Other payables	869,606	869,606	869,586	20	-	-	-
Receipts under custody	1,408,473	1,408,473	1,408,473	-	-	-	-
Lease liability	2,581,409	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	-
	$ 11,323,756	11,290,456	7,004,434	342,715	647,810	2,889,533	405,964

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

3. Currency risk

1) Currency risk exposure

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

	2021.12.31			2020.12.31		
	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 2,817	27.67	77,949	2,720	28.10	63,773
JPY	31,795	0.2403	7,640	-	-	-
Financial liabilities						
Monetary items						
USD	340	27.67	9,397	335	28.10	9,427

2) Sensitivity analysis

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

A 5% appreciation or depreciation of the TWD against the USD and JPY as of December 31, 2021 and 2020, would have increased or decreased net income by $3,048 thousand and $2,174 thousand, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the years ended December 31, 2021 and 2020.

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

Due to the variety of functional currency, the Group disclosed the foreign currency gain or loss on monetary items aggregately. For the years ended December 31, 2021 and 2020, the foreign exchange gain (loss) (including realized and unrealized) were loss $1,580 thousand and loss $2,492 thousand, respectively.

3) Interest analysis

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

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

If the interest rate had increased or decreased by 0.1%, the Group's net income would have increased or decreased by $3,455 thousand and $5,460 thousand for the years ended December 31, 2021 and 2020, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowings and deposits at variable rates.

4. Other market price risk

For the years ended December 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:

	2021		2020	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 1%	$ 5,164	1,500	1,987	534
Decreasing 1%	(5,164)	(1,500)	(1,987)	(534)

5. 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:

	2021.12.31				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Fair value through profit or loss					
Preferred stock	$ 187,513	-	-	187,513	187,513
Domestic and foreign convertible bonds	52,714	-	-	52,714	52,714
Embedded derivative-call option	3,999	-	-	3,999	3,999
	$ 244,226	**-**	**-**	**244,226**	**244,226**

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

	2021.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Fair value through other comprehensive income					
Domestic stock of non-listed company	$ 759,546	-	-	759,546	759,546
Foreign convertible bonds	8,336	-	-	8,336	8,336
	$ 767,882	**-**	**-**	**767,882**	**767,882**

	2020.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
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 option	1,500	-	-	1,500	1,500
	$ 101,813	**-**	**-**	**101,813**	**101,813**
Fair value through other comprehensive income					
Domestic stock of non-listed company	**$ 248,425**	**-**	**-**	**248,425**	**248,425**

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.

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

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		93,759	393,372
Derecognized		(23,040)	-
Total gains and losses recognized:			
In profit or loss		71,694	-
In other comprehensive income		-	126,085
Ending Balance, December 31, 2021	**$**	**244,226**	**767,882**
Opening balance, January 1, 2020	$	58,599	214,329
Purchased		34,588	105,310
Derecognized		-	(99,300)
Total gains and losses recognized:			
In profit or loss		5,476	-
In other comprehensive loss		-	28,086
Issuance of convertible bonds		3,150	-
Ending Balance, December 31, 2020	**$**	**101,813**	**248,425**

For the years ended December 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:

		2021	2020
Total gains and losses recognized:			
In other gains and losses	$	71,693	5,476
In other comprehensive income, and including "unrealized gains and losses from fair value through other comprehensive income"		126,085	28,086

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 (53.46%)	·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 (0.7~2333)	·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 (1.32~9.48) ·Liquidity discounted rate (14.47%~30.00%)	·The estimated fari 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).

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

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

Sensitivity analysis for fair values of financial instruments using Level 3 Inputs, the 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:

			Profit or loss		Other comprehensive income	
	Input	Variation	Favor-able	Unfavor-able	Favor-able	Unfavor-able
December 31, 2021						
Financial assets at fair value through profit or loss						
Embedded derivative – call options	Volatility	5%	$ 200	(200)	-	-
Derivative financial instruments	P/S ratio	5%	2,636	(2,636)	-	-
Equity investments without an active market	P/S ratio	5%	9,376	(9,376)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	-	-	17,888	(17,390)
〃	Liquidity discounted rate	5%	-	-	15,616	(15,648)
			$ 12,212	(12,212)	33,504	(33,038)
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	-%	-	-	12,234	(12,336)
〃	Liquidity discounted rate	5%	-	-	17,789	(17,753)
			$ 5,090	(5,090)	30,023	(30,089)

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

1. Summary

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

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

2. Risk management framework

The General Manager's office has responsibility for the development and control of the Group's risk management policies and regularly reports to the Board on its operation, if necessary.

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

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

3. Credit risk

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

1) Accounts receivable and other receivables

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

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

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

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

2) Investment

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

3) Guarantees

The Group’s policy is to provide financial guarantees only for transactions involving equity investment that is more than 50% owned, and they should be approved by the Board. Please refer to Note(13)(a).

4. Liquidity risk

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

5. Market risk

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

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

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

(z) Capital management

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

(aa) Investing and financing activities not affecting current cash flow

The Group’s investing and financing activities which did not affect the current cash flow in the December 31, 2021 and 2020, was as follows:

1.For right-of-use assets under lease, please refer to Note (6)(j).

2.For conversion of converible bonds to ordinary shares, please refer to Note (6)(o).

3.The reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes	
	2021.1.1	Cash flows	Others	2021.12.31
Long-term borrowings	$ 625,000	449,100	371,000	1,445,100
Short-term borrowings	500,000	658,436	1,105,231	2,263,667
Lease liabilities	2,518,409	(501,372)	120,178	2,137,215
Bonds payable	1,470,300	-	(108,764)	1,361,536
Total liabilities from financing activities	**$ 5,113,709**	**606,164**	**1,487,645**	**7,207,518**

			Non-cash changes	
	2020.1.1	Cash flows	Others	2020.12.31
Long-term borrowings	$ 1,400,000	(775,000)	-	625,000
Short-term borrowings	540,000	(40,000)	-	500,000
Lease liabilities	2,998,804	(508,274)	27,879	2,518,409
Bonds payable	-	1,605,790	(135,490)	1,470,300
Total liabilities from financing activities	**$ 4,938,804**	**282,516**	**(107,611)**	**5,113,709**

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

(7) Related-Party Transactions

(a) Ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationships with related parties

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

Names of related party	Relationships with the Group
Rakuya International Info. Co. Ltd.	Associate of the Company
Ruten Japan KK	〃
Miho International Cosmetic Co., Ltd.	Other related party of the Company
Eastern Online Co., Ltd.	〃
EOLEMBRAIN ONLINE MARKETING RESEARCH CO., LTD.	〃
SITE INC.	〃
PAYEASY DIGIATL INTERNATION CO., LTD.	〃

The Group acquired 21st Century Technology Co., Ltd. on October 1, 2021. Please refer to the Note 6(g) for relevant information. Cyu Wei Jin Rong Ke Ji Co., Ltd., 21St Century Co., Ltd., 21St Century Zi-Rong Co., Ltd., 21St Century Xin Yong Guan Li Co., Ltd., Yin Zhen Shi Ye Ltd., Jing Hua Co., Ltd., Yong Feng Co., Ltd., Lian Hong Shih Ye Ltd., Wei Ting Shi Ye Co., Ltd., Ming Pin Co., Ltd., Te Wei Co., Ltd., Yu Xin Guo Ji Co., Ltd., Tai Ding Shi Ye Co., Ltd., Ming Yu Qi Ye Co., Ltd., Jie Zuo Zi Ben Yi Shu Co., Ltd., Chou, Yi Ming, Zhang, Man Ling are regarded as other related parties of the Group.

(c) Significant transactions with related parties

1. Sales

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

	2021	2020
Associates	$ 936	286

2.Purchases

The amounts of significant purchase transactions and outstanding balances between the consolidated entity and related parties were as follows:

	2021	2020
Other related parties	$ 483	3,098

Prices for the purchases above were negotiated, and there were no comparable prices with non-related parties.

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

3. Receivables from related parties

The receivables from related parties were as follows:

Item	Related party categories	2021.12.31	2020.12.31
Account receivables	Associates	$ -	25
Other receivables	Associates	1,422	4,712
Other receivables	Other related parties	8,512	-
Other receivables (Note)	Other related parties	22,249	21,452
		$ 32,183	**26,189**

Note: For the years ended December 31, 2021 and 2020, the collections and payments generated by exchanging points of the Group amounted to $121,527 thousand and $112,610 thousand, respectively. As of December 31, 2021, the carrying amount was recognized under other receivables.

4. Payables to related parties

Item	Related party categories	2021.12.31	2020.12.31
Other payables	Associates	$ -	2
Other payables	Other related parties	459	429
		$ 459	**431**

5. Operating expenses

	2021	2020
Other related parties	**$ 2,983**	**2,709**

6. Other operating income

	2021	2020
Associates	$ 61	23
Other related parties	292	-
	$ 353	**23**

7. Loans to related parties

The loans to related parties were as follows:

	2021.12.31	2020.12.31
Other related parties-Miho International Cosmetic Co., Ltd.	**$ 8,500**	**-**

The loans to related parties were secured. There are no provisions for doubtful debt required after the assessment. For other information, please refer to Note (13)(a).

For the year ended December 31, 2021, interest revenue from loans receivable from related parties amounted to $116 thousand.

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

8. Borrowings from Related Parties

The borrowings from related parties were as follows:

	2021.12.31	2020.12.31
Other related parties	$ 641,000	-

The interest charged to the Group is calculated based on the average interest rate imposed on related parties' borrowings by external financial institutions. The interest-bearing borrowings provided from related parties are unsecured. As of December 31, 2021, the amount of short-term and long-term borrowings were $220,000 thousand and $421,000 thousand, respectively.

For the year ended December 31, 2021, interest expense of the Group was $1,505 thousand.

9. On December 31, 2021, the Group has paid other related parties $300 thousand of refundable deposit for office rental.

10. For the year ended December 31, 2021, the short-term borrowings, short-term notes payable and long-term borrowings of the Group are guaranteed by credit and real estate from other related parties, with a total amount of $2,228,500 thousand.

(d) Transactions with key management personnel

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	$ 106,872	67,856

(8) Restricted Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2021.12.31	2020.12.31
Restricted bank deposit-current (recognized under other current financial assets)	Security for performance, purchase guarantee, loans with certificate of deposits and corporate bonds guarantee	$ 630,697	489,608
Refundable deposit (recognized under other non-current financial assets)	Security for provisional seizure, etc. deposits for office rental and bank loans	204,531	149,592
		$ 835,228	639,200

(9) Significant Contingencies and Commitments

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

(b) As of December 31, 2021 and 2020, notes payable deposited as guarantee for commercial vehicle and office and building leases were $247,691 thousand and $248,140 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 $100,000 thousand and $50,000 thousand as of December 31, 2021 and 2020, respectively.

(d) As of December 31, 2021 and 2020, the Group has entered into performance guarantee contracts with financial institutions for the purchase of goods from vendors, tariff guarantee, stored value in advance and payment on behalf of vendors, with guarantee amounts of $3,127,150 thousand and $4,119,000 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 August 1, 2022 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.

(f) As of December 31, 2021, the Group has paid $432,427 thousand for acquiring property, plant and equipment, and unrecognized relevant contractual commitments of the acquisition of property, plant and equipment amounting to $1,352,570 thousand.

(g) As of December 31, 2021, the Group has entered into an agreement with a financial institution for providing trust account for the Group on the balance amount received through the Group's online payment processing services to online sellers; the amount of the trust account agreed therein is $288,743 thousand.

(h) As of December 31, 2021 and 2020, due to the issuance of secured convertible bonds, the Group has entered into an agreement with a bank for providing guarantee; the amount of guarantee agreed therein was both $1,500,000 thousand.

(i) As of December 31, 2021, due to the performance of the contract, the guaranteed notes payable made by the Group is $1,324,000 thousand.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events

(a) On January 24, 2022, the resolution had passed in the Broad meeting that 21st Century Technology Co., Ltd. (Hereinafter referred to as 21st Century Company) transforms into an investment holding company and adopts an independent development policy to enhance market competitiveness and overall operating performance. Thus, the company intends to demerge and transfer the related operations of the installment business (including assets, liabilities, and business operations) to the 21st Century Company' s 100% owned subsidiary, 21st Century Digital Technology Co., Ltd. (Hereinafter referred to as 21st Century Digital Company), and 21st Digital Company issue new shares for the return. The effective date of the demerger is scheduled on March 31, 2022. The structure of the reinvestment business remains unchanged. The operating value of the installment business for which 21st Century Company intends to demerge is estimated at $1,860,000 thousand. 21st Century Digital Company will issue 186,000 thousand thousand shares with a par value of $10 per share, and if there is a shortfall of one share, it will pay out by cash.

(12) Others

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

Categorized as / Nature	For the year ended December 31, 2021			For the year ended December 31, 2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	256,096	1,600,187	1,856,283	216,169	1,500,220	1,716,389
Labor and health insurance	28,476	155,655	184,131	21,158	137,623	158,781
Pension	12,344	78,332	90,676	9,473	73,677	83,150
Others employee benefits	11,810	100,849	112,659	9,146	57,075	66,221
Depreciation	67,029	644,022	711,051	57,964	654,055	712,019
Amortization	584	41,125	41,709	364	28,898	29,262

(13) Additional Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 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	Transaction amount for business between two parties	Reasons for short -term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													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	2,530,692	2,530,692
0	〃	21st Century Digital Technology Co., Ltd.	Other receivables	Yes	350,000	350,000	-	2.25 %	2	-	Business turnover	-		-	2,530,692	2,530,692

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

PCHOME ONLINE INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(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	Transaction amount for business between two parties	Reasons for short -term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
1	PChome CB Co., Ltd.	PChomeBibian Inc.	Other receivables	Yes	10,000	-	-	1.30 %	2	-	Business turnover	-		-	78,312	78,312
2	YunTan technologyInc.	einsure insurance broker Inc.	Other receivables	Yes	4,000	-	-	2.616 %	2	-	Business turnover	-		-	8,735	8,735
3	PChome eBay Co., Ltd.	PChome US Inc.	Other receivables	Yes	15,000	15,000	15,000	1.20 %	2	-	Business turnover	-		-	333,093	333,093

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	3,163,365	8,552	2,460	2,460	-	0.04 %	6,326,730	Y	N	N
0	〃	Pi Mobile Technology Inc	2	3,163,365	300,000	300,000	300,000	-	4.74 %	6,326,730	Y	N	N
0	〃	PChome Store Inc.	2	3,163,365	440,000	200,000	125,000	-	3.16 %	6,326,730	Y	N	N
0	〃	PChome Bibian Inc.	2	3,163,365	120,150	120,150	72,090	-	1.90 %	6,326,730	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.

3. Information regarding securities held at balance sheet date:

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

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Peak Holding	Note
				Number	Book value	Percentage	Market value	Percentage	
	Common Stock:								
PChome Online Inc.	Syspower Corporation	-	FVOCI	906,335	25,685	3.72 %	25,685	3.72 %	
〃	Openfind InformationTechnology, Inc.	-	〃	800,000	52,312	6.22 %	52,312	6.22 %	
〃	Career Consulting Co.,Ltd.	-	〃	113,005	3,165	0.72 %	3,165	0.72 %	
〃	ECROWD MEDIA INC.	-	〃	3,725,645	44,820	18.39 %	44,820	18.39 %	
〃	IPEVO Corp.	-	〃	1,958,018	143,855	7.19 %	143,855	7.19 %	
〃	Famicloud Inc.	-	〃	57,000	3,094	1.14 %	3,094	2.83 %	

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

	Category and	Category and name		Ending balance				Peak Holding	
Name of holder	name of security	of security	Account title	Number	Book value	Percentage	Market value	Percentage	Note
PChome Online Inc.	Taiwan AdvanceIntelligent Tech. Co., Ltd.	-	FVOCI	1,732,102	6,253	4.75 %	6,253	4.75 %	
〃	Miho International Cosmetic Co., Ltd.	-	〃	7,500,000	95,325	8.09 %	95,325	8.09 %	
〃	Influenxio Limited	-	〃	9,915	8,000	3.98 %	8,000	3.98 %	
	Mdata Group Co., LTD.			126,011	20,000	2.96 %	20,000	2.96 %	
〃	AccuHit Tech Holdings Limited	-	〃	416,667	20,872	3.66 %	20,872	3.66 %	
	Preferred stocks:								
〃	Pickupp Limited	-	〃	650,644	82,765	3.17 %	82,765	3.17 %	
	FunNow Ltd.			130,662	41,960	2.97 %	41,960	2.97 %	
〃	AccuHit Tech Holdings Limited	-	〃	1,400,000	97,440	12.28 %	97,440	12.28 %	
	Convertible bonds:								
〃	Our Agriculture Inc.	-	〃	-	8,336	- %	8,336	- %	
	Common Stock:								
Pi Mobile Technology Inc.	All Win Fintech Company Limited	-	〃	11,400,000	114,000	15.00 %	114,000	15.00 %	
	Common Stock:								
Linktel Inc.	Eastern Online Co., Ltd.	-	FVTPL	118,750	-	- %	-	- %	
〃	Taiwan Star Telecom Co., Ltd.	-	〃	3,942	-	- %	-	- %	
〃	PayEasy Ltd.	-	〃	5,437,762	-	12.51 %	-	12.51 %	
〃	17Life Ltd.	-	〃	-	-	6.26 %	-	6.26 %	
	Convertible bonds:								
Chunghwa PChome Fund 1 Co., Ltd.	Traveler Co., Ltd.	-	〃	-	5,910	- %	5,910	- %	
〃	Hard Core Technology Corp.	-	〃	-	22,734	- %	22,734	- %	
〃	Tresl Inc.	-	〃	-	8,640	- %	8,640	- %	
〃	Our Agriculture Inc.	-	〃	-	11,228	- %	11,228	- %	
〃	Instill Ai Ltd.	-	〃	-	4,202	- %	4,202	- %	
〃	Preferred stocks:								
〃	FP International Limited	-	〃	56,050	12,070	2.47 %	12,070	2.47 %	
〃	Ecommerce Enablers Pte. Ltd.	-	〃	142,813	29,606	0.26 %	29,606	0.26 %	
〃	USPACE Tech Co., Ltd.	-	〃	1,695,873	61,051	17.20 %	61,051	17.20 %	
〃	Our Agriculture Inc.	-	〃	7,400,000	15,614	8.05 %	15,614	8.05 %	
〃	Moovo Mobility Inc.	-	〃	294,118	14,255	2.04 %	14,255	2.04 %	
〃	Pickupp Limited	-	〃	131,179	27,451	0.72 %	27,451	0.72 %	
〃	Return Helper Limited	-	〃	4,168	9,755	12.20 %	9,755	12.20 %	
〃	Aiello Inc.	-	〃	4,103,065	12,153	2.73 %	12,153	2.73 %	
〃	Haulio Pte. Ltd.	-	〃	362,189	5,558	0.93 %	5,558	0.93 %	

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

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

Company name (Note 1)	Marketable Securities type and name (Note 1)	Financial statement account	Counter -party	Nature of relationship	Beginning balance		Acquisitions		Disposal				Ending balance	
					Units/shares (Thousands)	Amount	Units/shares (Thousands)	Amount	Units/shares (Thousands)	Amount	Carrying value	Gain (loss) on disposal	Units/shares (Thousands)	Amount
PChome Online Inc.	21st Century Digital Technology Co., Ltd.	Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-

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

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.

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 Technolgy Inc.	Subsidiary	615,449	- %	-		615,449	-

9. Derivative transactions: Please refer to Note (6)(b).

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	Accounts receivable	615,449	Usual terms and conditions	2.52 %

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 years ended December 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			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
PChome Online Inc.	IT Home Publications Inc.	Taiwan	Magazine publication	30,000	30,000	5,014,802	100.00 %	56,869	100.00 %	2,513	2,513	
〃	Linktel Inc.	〃	Type II Telecommunications Business	125,000	125,000	6,831,604	100.00 %	51,409	100.00 %	(16,970)	(16,970)	
〃	PC HOME ONLINE INTERNATIONAL CO., LTD.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	2,384	100.00 %	(981)	(981)	
〃	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	47,439	47,439	3,035,115	26.47 %	32,044	26.47 %	47,649	12,613	
〃	PChome Store Inc.	〃	Internet services	326,494	326,494	18,435,220	34.35 %	(245,498)	34.35 %	(21,513)	(7,390)	
〃	PCHOME US INC.	United States of America	E-commerce platform	134,065	134,065	45,800,000	91.97 %	5,687	91.97 %	(1,265)	(1,164)	
〃	ECOMMERCE GROUP CO., LTD.	British Virgin Islands	Investment activities	-	1,069,297	-	- %	-	- %	32,537	32,537	Note 1
〃	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	394,564	530,319	12,933,193	30.32 %	32,596	80.85 %	(389,963)	(234,287)	
〃	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	131,875	131,875	13,249,999	66.25 %	32,574	66.25 %	(30,342)	(20,102)	
〃	PChome Travel Inc.	Taiwan	Travel agencybusiness	36,000	36,000	3,600,000	100.00 %	18,664	100.00 %	(2,849)	(2,849)	
〃	PChome Financial Technology Inc.	〃	Information service	10,000	10,000	1,000,000	100.00 %	3,953	100.00 %	(95)	(95)	
〃	PChome Holding Inc.	British Virgin Islands	Investment activities	1,043,763	1,169,090	335,680,846	100.00 %	(231,533)	100.00 %	(17,224)	(17,224)	
〃	PChome Express Co., Ltd.	Taiwan	Transportation andlogistics	200,000	200,000	20,000,000	100.00 %	146,745	100.00 %	(10,768)	(10,768)	
〃	Chunghwa PChome Fund 1 Co., Ltd.	〃	Investment activities	200,000	200,000	20,000,000	50.00 %	222,158	50.00 %	58,603	29,301	
〃	Cornerstone Ventures Co., Ltd.	〃	Investment activities	5,100	5,100	510,000	51.00 %	6,857	51.00 %	1,081	552	
〃	PChome CB Co., Ltd.	〃	E-commerce cross-borderservices	140,000	140,000	14,000,000	70.00 %	137,046	70.00 %	17,581	12,307	
〃	Mitch Co., Ltd.	〃	Clothing sales	162,000	162,000	16,200,000	60.00 %	62,169	60.00 %	(90,688)	(54,413)	
〃	YunTan technology Inc.	〃	Information processing and provision of electronicinformation	54,250	-	1,261,628	70.00 %	49,118	70.00 %	(5,845)	(5,095)	Note 5
〃	21st Century Technology Co., Ltd.	〃	Financial data services	4,030,020	-	20,142,614	44.84 %	4,030,342	45.23 %	13,631	1,107	〃
〃	PChome Data Technology Co., Ltd.	〃	Information processing and provision of electronicinformation	5,000	-	500,000	1.00 %	4,949	1.00 %	(51)	(51)	
〃	EC Global Limited	Hong Kong	Investment activities	6,338	-	7,494,642	100.00 %	6,196	100.00 %	(224)	30	
〃	RUTEN GLOBAL INC.	Cayman Islands	Investment activities	1,096,041	-	266,063,307	100.00 %	549,922	100.00 %	41,156	8,776	
〃	Ruten Japan KK	Japan	Information processing and provision of electronicinformation	9,830	-	36,044,850	28.49 %	7,488	28.49 %	(5,592)	(1,593)	
PChome eBay Co., Ltd.	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	205,200	205,200	1,305,766	3.06 %	3,290	6.14 %	(389,963)	(21,876)	
〃	PChome Store Inc.	〃	Internet services	632,258	632,258	11,896,486	22.16 %	(32,086)	22.16 %	(21,513)	(4,767)	

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

				Initial investment (Amount)		Ending balance						
Name of investor	Name of investee	Location	Major operations	Ending balance	Beginning balance	Shares	Ratio of shares	Book value	Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Note
PChome eBay Co., Ltd.	ECOSMOS PTE. LTD.	Singapore	Information processing and provision of electronicinformation	9,153	-	3,300,000	100.00 %	8,733	100.00 %	(401)	(401)	
〃	21st Century Technology Co., Ltd.	Taiwan	Financial technology services	9,012	-	389,065	0.01 %	7,162	0.87 %	13,631	39	Note 5
Pi Mobile Technology Inc.	Pay and Link Inc.	〃	Electronic paymentbusiness	500,388	500,388	50,100,000	1.00 %	288,925	100.00 %	(39,730)	(39,730)	
〃	Yun Tung Bao International Co., Ltd.	〃	Online payment processing services	3,000	3,000	300,000	100.00 %	2,545	100.00 %	(37)	(37)	
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 %	3,874	100.00 %	(855)	(855)	
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 %	6,252	100.00 %	(626)	(626)	
PC HOME ONLINE (HK) LTD.	Ruten Japan KK	Japan	Information processing and provision of electronicinformation	-	5,438	-	- %	-	2.88 %	(21,501)	(510)	Note 2
ECOMMERCE GROUP CO., LTD.	RUTEN GLOBAL INC.	Cayman Islands	Investment activities	-	831,606	-	- %	-	100.00 %	41,156	32,381	Note 3
RUTEN GLOBAL INC.	EC Global Limited	Hong Kong	Investment activities	-	22,740	-	- %	-	100.00 %	(224)	(254)	Note 4
〃	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronicinformation	779,688	779,688	27,300,000	65.00 %	546,279	65.00 %	83,358	54,195	
〃	Ruten Japan KK	Japan	Information processing and provision of electronicinformation	-	68,124	-	- %	-	46.12 %	(21,501)	(8,173)	Note 2
PChome Holding Inc.	PChome Marketplace Inc.	Cayman Islands	Investment activities	1,043,763	1,169,090	38,335,000	100.00 %	972,154	100.00 %	(16,608)	(16,608)	
PChome Marketplace Inc.	PChome Japan KK	Japan	International trading E-commerce	37,580	119,330	43,500,000	100.00 %	14,492	100.00 %	(3,403)	(3,403)	
〃	PChome Store Inc.	Taiwan	Internet services	998,758	998,758	19,206,893	0.36 %	(337,812)	35.78 %	(21,513)	(7,697)	
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	〃	Internet services	127,000	127,000	2,900,000	100.00 %	136,533	100.00 %	8,143	8,143	
〃	PCHOME CB PTE. LTD.	Singapore	Internet services	59,698	59,698	190,000	100.00 %	46,377	100.00 %	9,477	9,477	
PCHOME CB PTE. LTD.	PChome Bibian Inc.	Japan	E-commerce cross-borderservices	51,069	51,069	18,000,000	100.00 %	40,529	100.00 %	9,550	9,550	
YunTan technology Inc.	einsure insurance broker Inc.	Taiwan	Insurance brokers	38,600	8,600	4,500,000	100.00 %	17,067	100.00 %	(5,668)	(5,668)	
21st Century Technology Co., Ltd.	FAN7 TOUR CO., LTD.	〃	Travel agencybusiness	6,000	6,000	600,000	100.00 %	4,577	100.00 %	(71)	(71)	
〃	21st Century Digital Technology Co., Ltd.	〃	Financial technology services	1,000	-	100,000	100.00 %	1,000	100.00 %	-	-	
〃	Pi Mobile Technology Inc.	〃	Online payment processing services	141,079	-	22,861,085	53.59 %	57,613	53.59 %	(389,963)	(83,466)	

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

Note 1: It has completed the dissolution and liquidation procedures on November 3, 2021.

Note 2: Departmental organization adjustment starting from September 2021, the Company directly controls it.

Note 3: Departmental organization adjustment starting from November 2021, the Company directly controls it.

Note 4: Departmental organization adjustment starting from October 2021, the Company directly controls it.

Note 5: Investment gains and losses recognized for the period include the amortization of investment premiums.

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

(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
-	53,403	3,796,038

Note 1: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 27.67 at the year ended December 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 December 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)

Shareholding / Shareholder's Name	Shares	Percentage
SITE INC.	18,907,864	14.71 %

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 December 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.

(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.

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

(14) Segment Information

(a) General information

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

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

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

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

The Group's regional financial information was as follows:

2021	E-Commerce-Sales	Market Place	Fintech	Other	Adjustments and Eliminations	Consolidated
Revenue:						
Non-inter-company revenue	$ 46,078,777	1,586,412	391,154	523,024	-	48,579,367
Inter-company revenue	39,869	65,967	193,180	368,998	(668,014)	-
Total Revenue	**$ 46,118,646**	**1,652,379**	**584,334**	**892,022**	**(668,014)**	**48,579,367**
Reportable Segment net operating income (loss)	**$ 595,414**	**97,818**	**(306,055)**	**(154,249)**	**8,549**	**241,477**
Income tax expense	$ 221,705	25,790	25,072	3,791	-	276,358
Depreciation and Amortization	600,003	49,283	23,162	64,908	15,404	752,760
Reportable segment assets	**$ 16,856,680**	**3,468,375**	**6,119,168**	**1,789,401**	**(3,803,098)**	**24,430,526**
Reportable segment liabilities	**$ 10,529,950**	**1,721,002**	**4,848,737**	**571,779**	**(895,252)**	**16,776,216**

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

2020	E-Commerce-Sales	Market Place	Fintech	Other	Adjustments and Eliminations	Consolidated
Revenue:						
Non-inter-company revenue	$ 41,648,231	1,821,610	121,930	278,081	-	43,869,852
Inter-company revenue	24,733	7,190	128,774	339,165	(499,862)	-
Total Revenue	**$ 41,672,964**	**1,828,800**	**250,704**	**617,246**	**(499,862)**	**43,869,852**
Reportable Segment net operating income (loss)	**$ 589,528**	**66,632**	**(203,894)**	**(165,233)**	**29,271**	**316,304**
Income tax expense	$ 80,830	2,361	-	303	-	83,494
Depreciation and Amortization	616,778	55,169	16,279	53,055	-	741,281
Reportable segment assets	**$ 12,305,218**	**3,394,808**	**2,715,237**	**1,605,508**	**(3,559,042)**	**16,461,729**
Reportable segment liabilities	**$ 8,945,572**	**1,590,360**	**1,891,208**	**330,126**	**(379,539)**	**12,377,727**

(c) Enterprise-wide Disclosures

1.Information about Products and Services

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

Product and Service	**2021**	**2020**
Revenue of electronic commerce	$ 48,149,317	43,691,528
Other	430,050	178,324
Total	**$ 48,579,367**	**43,869,852**

2.Information about Geographic Areas: None.

3.Information about Major Customers: None.