

PChome Online Inc.

2018 Annual Shareholders' Meeting

Meeting Agenda (Translation)

Time: June 13, 2018

Place: No. 11, Zhongshan South Road, Zhongzheng District, Taipei
City 10048, Taiwan (R.O.C.)

(Room 802, Chang Yung-Fa Foundation International Convention
Center)

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PChome Online Inc.
Procedure of 2018
Annual Shareholders' Meeting

- I. Calling meeting to order
- II. Chairman's remarks
- III. Report items
- IV. Ratification items
- V. Discussion items
- VI. Election items
- VII. Other proposed resolutions
- VIII. Special motions
- IX. Meeting Adjourned

Meeting Agenda Agenda of 2018 Annual Shareholders' Meeting

Time: 9:00 a.m., Wednesday, June 13, 2018

Place: No. 11, Zhongshan South Road, Zhongzheng District, Taipei City 10048, Taiwan
(R.O.C.)
(Room 802, Chang Yung-Fa Foundation International Convention Center)

I. Call meeting to order (announce the number of shares in attendance)

II. Chairman's Address

III. Report items

- (1) To report the business of 2017
- (2) 2017 Supervisor's review report

IV. Ratification items

- (1) 2017 Business Report and Financial Statements
- (2) The distribution of 2017 earnings

V. Discussion items:

- (1) Amendments to the Articles of Association
- (2) Amendments to the "Procedures for Lending Funds to Other Parties", "Procedures for Endorsement and Guarantee" and "Rules for Election of Directors and Supervisors"

VI. Election items:

To elect nine Directors (including three independent Directors)

VII. Other proposed resolutions:

To release the newly elected Directors and their representatives from non-competence restrictions

VIII. Special Motion

IX. Meeting adjourned

I. To report the business of 2017

Explanatory Notes:

Please refer to Attachment I (Page 12 of this meeting agenda) for the Company's 2017 business report.

II. 2017 Supervisor's Review Report

Explanatory Notes:

Certified Public Accountants of KPMG, Leoufong Yang, and Pearl Chen audited the 2017 financial statements. Supervisors reviewed the business report, earnings distribution table, and aforementioned financial statements with review report issued. Please refer to Attachment II for details. (Pages 14 of this meeting agenda)

Item 1 (Proposed by the Board of Directors)

Subject: 2017 business report and financial statements

Explanatory Notes:

1. The 2017 parent company only and consolidated financial statements of the Company were prepared and approved by the Board of Directors' meeting held in the first quarter of 2018. They were audited by Certified Public Accountants of KPMG, Leou-fong Yang, and Pearl Chen and reviewed along with the business report by supervisors with review report issued.
2. Please refer to Attachment I and III (Pages 12 and 15~30 of this meeting handbook) for the 2018 business report, independent auditors' report and aforementioned financial statements.
3. Please ratify.

Resolution:

Item 2 (Proposed by the Board of Directors)

Subject: 2017 earnings distribution.

Explanatory Notes:

1. The beginning balance in the 2017 earnings distribution table of the Company was NT\$618,917,525. After adding the changes in actuarial gains and losses for the current period of NT\$3,914,588, deducting the change in subsidiary ownership of NT\$24,576,469, adding the net profit after tax for the current period of NT\$36,490,242, deducting the legal reserve of NT\$3,649,024 and the special reserve from equity deductions of NT\$1,338,919, the distributable earnings was NT\$629,757,943. It is proposed to retain the earnings.

Item	Amount	Total
Unappropriated earnings, beginning of the period		618,917,525
Changes in actuarial gains and losses for the current period (Actuaries adjusted pension adjustments)	3,914,588	
Less: Subscription of affiliates' new shares not in accordance with the shareholding percentage (Generated from the subscription in the private placement of PCHomestore Inc. not in accordance with shareholding percentage)	(24,576,469)	
Subtotal		(20,661,881)
Adjusted unappropriated earnings, beginning of the period		598,255,644
Add: Net income of 2017	36,490,242	
Distributable earnings		634,745,886
Less: 10% (appropriated as legal reserve)	(3,649,024)	
Less: Special reserve from equity deductions (Cumulative translation adjustments: Changes in the exchange rates of subsidiaries' foreign-currency assets)	(1,338,919)	629,757,943
Less: Shareholder bonus	Stock	0
	Cash	0
Unappropriated earnings, end of the period		629,757,943

Chairman: Hung-Tze Jan

President: Kevin Tsai

Chief Finance Officer: Leo Lu

2. Please discuss.

Resolution:

Item 1 (Proposed by the Board of Directors)

Subject: Amendments to the Articles of Association.

Explanatory Notes:

1. In conjunction with the establishment of an audit committee to replace supervisors after Directors election and for daily operation requirements, some articles in the Articles of Incorporation shall be amended.
2. Please refer to the attachment for the comparison table of amendments to Articles of Incorporation.
3. Please discuss.

Resolution:

Item 2 (Proposed by the Board of Directors)

Subject: Amendments to the "Procedures for Endorsement and Guarantee", "Rules for Election of Directors and Supervisors" and "Procedures for Lending Funds to Other Parties".

Explanatory Notes:

1. In conjunction with the establishment of an audit committee to replace supervisors after Directors election, some articles in the "Procedures for Endorsement and Guarantee", "Rules for Election of Directors and Supervisors" and "Procedures for Lending Funds to Other Parties" shall be amended.
2. Please refer to the attachments for the comparison table of amendments to "Procedures for Endorsement and Guarantee", "Rules for Election of Directors and Supervisors" and "Procedures for Lending Funds to Other Parties".
3. Please discuss.

Resolution:

(Proposed by the Board of Directors)

Subject: Election of nine Directors (including three independent directors).

Explanatory Notes:

1. The term of the Company's Directors and supervisors expires on June 21, 2018. It is proposed to hold the election for new Directors in this annual general shareholders' meeting.
2. According to Article 18 of the amended Articles of Incorporation, nine Directors (including three independent directors) shall be elected this time. Independent directors shall be elected by adopting the candidate nomination system.
3. The tenure of newly elected Directors commences on June 13, 2018, and expires on June 12, 2021, which is a term of 3 years. The term of office of outgoing Directors and supervisors expires upon the completion of this annual general shareholders' meeting.
4. This election shall be conducted pursuant to the amended "Rules for Election of Directors".
5. Please discuss.

Type of Nominee	Names of Nominee	Nominator	Education	Experience	Current position	Shareholding (Unit: shares)	Has he/she served as an independent director for three consecutive terms?	Reason(s) for nominating one who has already served as an independent director for three consecutive terms
Independent Director	Chang-Sung Yu	Board of Directors	Ph.D. in Industrial Management, Carnegie Mellon University, USA	Professor and Founder Director of Department of Information Management, National Taiwan University; Head of Information Network, Computer and Information Networking Center, National Taiwan University	Professor at National Taiwan University; independent director and convener of the remuneration committee of PCHomestore Inc.; Director of APOS Corp.; independent director and a member of the remuneration committee and the audit committee of Lion Travel Service Co., Ltd.; Chairman of the Secure Online Shopping Association	0	Yes	The Company is currently in a period of fierce competitions and changes regarding e-commerce, both at home and abroad. Therefore, we would enlist independent directors who are familiar with the Company to continue their tenure.
Independent Director	Shao-Hua Huang	Board of Directors	Department of Communications Engineering, National Chiao Tung University	Co-founder of Acer Inc.; Chief Financial Officer of Acer Group Chairman of Acer Inc.	Director of Acer Inc.; supervisor of Les enphants Co., Ltd.; supervisor of Motech Industries Inc.; supervisor of Apacer Technology Inc.; independent director and convener of the remuneration committee of BIONET Corp.; supervisor of InterServ International Inc.; independent director and a member of the remuneration committee of Taiwan Taxi	0	Yes	The Company is currently in a period of fierce competitions and changes regarding e-commerce, both at home and abroad. Therefore, we would enlist independent directors who are familiar with the Company to continue their tenure.
Independent Director	Yuan Li	Board of Directors	Department of Biology, National Taiwan Normal University	President of Chinese Television System; Programme Manager of Taiwan Television Enterprise, Ltd. Director of Chinese Television System; resident artist of	Independent director and remuneration committee member of PCHomestore Inc.; Director of Paper Windmill Foundation; Director of Synnex Culture and Education Foundation; Chairman of Taipei Culture Foundation; Principal of Taipei Media School; executive member of the General	0	No	Not applicable

				National Dong Hwa University	Association of Chinese Culture; executive member of Taipei Golden Horse Film Festival Executive Committee; member of the Taipei Film Festival Advisory Committee; member of Taiwan Television Enterprise, Ltd. Press Council			
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5. Please hold the election.

Election results:

(Proposed by the Board of Directors)

Subject: Release of the newly elected Directors and their representatives from non-compete restrictions.

Explanatory Notes:

1. According to Article 209 of the Company Act, a Director who acts in the capacity of personal interest or on behalf of others within the company's business scope shall explain in the shareholders' meeting the critical contents of his/her actions and thereafter seek for permission.
2. In order to draw on the Company Directors' expertise and relevant experience, it is proposed for the shareholders' meeting to approve on releasing the newly elected Directors and their representatives from non-compete restrictions.
3. Please discuss.

Resolution:

Special Motions

Adjournment

Business Report

The Company has the core spirit of "service-oriented" and is committed to providing a full range of e-commerce services to create an excellent customer experience. Currently, we have four major e-commerce platforms: PChome 24h shopping – a B2C shopping site with the most in stock SKUs in Taiwan; PChomeStore – a B2B2C shopping mall with the largest number of vendors; Ruten Auction – a C2C marketplace with the highest transaction volume; and PChome Personal Store - a free mobile marketplace with the largest listings. The Company generated consolidated operating revenue of NT\$29.4 billion in 2017, a record high with a 14.3% growth over 2016. However, in response to the strong growth of Personal Store business and the expansion of B2C warehouses, operating expenses increased by NT\$1.3 billion compared to 2016 and resulted in a negative net income of NT\$390 million, a 147.5% decrease year-over-year.

2017 operation overview is as follows:

1. With strong growth momentum, B2C online shopping business moved forward in three directions: “brand”, “entertainment” and “deposit” and brought 19% growth to 2017 annual sales for PChome 24h shopping. The November sales, in particular, climbed 51% and both 3C and non-3C products hit a new sales record high. The 2017 sales of 3C home appliance exceeded NT\$17 billion, an annual growth rate of 23%, significantly outperformed the negative growth of conventional retail channels and much superior to the single-digit growth from the rest of virtual channels. Secondly, the sales of fast moving consumer goods in the non-3C category also increased by as high as 80% in the last three years. While B2C business repeatedly reaches new heights, the investments in warehousing and logistics infrastructure persist. We commenced the operation of No. 6 and No. 7 warehouses in the first half of 2017. The 70,000 pings (210,000 m²) area provide ample space for new products and hot items. We also actively seek cooperation with external logistic partners and build a self-operated logistic team to enhance operational efficiency and secure a niche for future development.

2. In the face of a fiercely-competitive mobile e-commerce market, the Company invested enormous marketing resources to support PChomeStore, allowing a rapid growth in the scale of Personal Store. The listing number increased by over 100 million within only one year, the vendor number exceeded 70,000, the single-month convenient store delivery and pickup reached 10 million times and the gross merchandise value per month reached NT\$4 billion. It has become a large-scale, large-value platform and secured its leading position in the mobile e-commerce market. Looking at the scale and performance of Personal Store, it surpasses PChomeStore in business scale and development foundation, when PChomeStore still generated profits. We remain optimistic about the potential in Personal Store and will actively strengthen the innovative services for mobile e-commerce to stimulate the transaction volume and expand our market share.

3. Ruten Auction maintained a stable growth trend in 2017. It has over 10 million members, 2 million sellers, over 150 million listings and achieved a gross merchandise value of NT\$275.2 billion in 2017, a growth rate of 10% year-over-year. The restructuring of system fundamental structure and APP

optimization in 2017, in particular, spurred an annual increase of 56% in viewers from mobile devices and 128% in order volume. The traffic and orders from mobile devices accounted for 50% in their respective category. This year, Ruten Auction will launch various AI operation tools (e.g. seller database and customer service robots) and transform into an open trading platform. It will continue to exploit differentiated services and be an important promoter of nation-wide e-commerce.

Looking forward into 2018, the Company will strive to expand its services in various fields, including to introduce automated equipment to enhance the efficiency of warehousing systems; expand the development of self-operated logistics to improve its efficiency; create comprehensive alliances with different industries both at home and abroad; fully utilize advanced technology such as big data, cloud computing, artificial intelligence and IoT; improve mobile shopping experience and participate in services including new-type marketing and diversified payment flow; develop innovative operating models, etc. We will continue to improve service content, enhance our core competitiveness, and secure our leading position and store operational growth momentum.

PChome Online Inc.

Chairman: Hung-Tze Jan

President: Kevin Tsai

Chief Finance Officer: Leo Lu

Review of the Year 2017 closing report by the Supervisors
(The English translation is for reference only.)

The financial reports of the Corporation for the fiscal year ended December 31, 2017, consisting of the business report 、 dividend distribution of Year 2017 and financial statements and consolidated financial statements of Y2017, which have been audited by the company's auditing CPAs, Ms. Yi-Chun Chen and Mr. Liu-Fong Yang of KPMG. According to Article 219 of Company Act, report to Annual Shareholders Meeting of Y2018.

PChome Online Inc.
Supervisors :

Chen, Li Zu
Johnson Fong
Wang, Hsin-I

As of March 19, 2017



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of PChome Online Inc.:

Opinion

We have audited the financial statements of PChome Online Inc. (“the Company”), which comprise the statement of financial position as of December 31, 2017 and 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2017 and 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years ended December 31, 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 for 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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) for the “Revenue” section of the financial statements.

Key Audit Matters Explanation:

The Company’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 Company’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 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 revenues vouchers and the daily report.

2. Valuation of inventories

Please refer to Note 4 (g) and Note 6 (d) for the “Valuation of inventories” section of the financial statements.

Key Audit Matters Explanation:

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

How the matter was addressed in our audit:

Our principal audit procedure included:

- Inspecting and analyzing the aging report of the inventory;
- Assessing the rationality of the policies of allowance for inventory valuation and obsolescence losses;
- Inspecting the post period sales situation and evaluating the net realizable value of measurement applied on aging inventory in order to verify the evaluation accuracy of the estimated inventory allowance by the Company;
- Assessing if the disclosure of the key management regarding the allowance of the inventory is appropriate.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Company'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 Company'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 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

The engagement partners on the audit resulting in this independent auditors' report are Liu-Fong Yang and Yi-Chun Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 19, 2018

Notes to Readers

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

The auditor's report and the accompanying 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 auditor's report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
PCHOME ONLINE INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017.12.31		2016.12.31		2016.12.31	
	Amount	%	Amount	%	Amount	%
ASSETS						
Current Assets:						
1100 Cash and cash equivalents (Notes (6)(a) and (6)(r))	\$ 3,865,177	47	4,809,216	59	2150	
1150 Notes receivable, net (Notes (6)(c) and (6)(r))	1,297	-	910	-	2170	
1170 Accounts receivable, net (Notes (6)(c), (6)(r) and (7))	363,313	4	279,052	4	2200	
1200 Other receivables (Notes (6)(c), (6)(r) and (7))	210,743	2	173,335	2	2230	
1300 Inventories (Note (6)(d))	959,574	12	605,623	8	2300	
1476 Other current financial assets (Notes (6)(r) and (8))	60,011	1	60,011	1		
1479 Other current assets	23,937	-	20,839	-		
	<u>5,484,052</u>	<u>66</u>	<u>5,948,986</u>	<u>74</u>	<u>2570</u>	
Non-Current Assets:						
1543 Financial assets measured at cost (Notes (6)(b) and (6)(r))	43,557	1	30,814	-	2640	
1550 Investments accounted for using equity method, net (Note (6)(e))	2,042,261	25	1,503,871	19	2670	
1600 Property, plant and equipment (Note (6)(g))	509,789	6	324,422	4		
1780 Intangible assets (Note (6)(h))	44,192	1	45,025	-		
1840 Deferred tax assets (Note (6)(f))	29,364	-	34,010	-		
1975 Net defined benefit asset, non-current (Note (6)(k))	1,056	-	-	-		
1980 Other non-current financial assets (Notes (6)(r) and (8))	112,185	1	151,557	2	3110	
1990 Other non-current assets, others	6,416	-	50,885	1	3200	
	<u>2,788,820</u>	<u>34</u>	<u>2,140,584</u>	<u>26</u>		
Total assets	<u>\$ 8,272,872</u>	<u>100</u>	<u>\$ 8,089,570</u>	<u>100</u>		
LIABILITIES AND EQUITY						
Current Liabilities:						
Notes payable (Note (6)(r))	1,066	-	-	-	1,334	-
Accounts payable (Notes (6)(r) and (7))	2,735,607	33	2,118,761	26		
Other payables (Notes (6)(r) and (7))	538,033	7	503,870	6		
Current tax liabilities (Note (6)(l))	79,012	1	122,242	2		
Other current liabilities (Notes (6)(i) and (6)(r))	189,331	2	63,934	1		
	<u>3,543,049</u>	<u>43</u>	<u>2,810,141</u>	<u>35</u>		
Non-Current liabilities:						
Deferred tax liabilities (Note (6)(l))	-	-	-	-	1,172	-
Net defined benefit liability, non-current (Note (6)(k))	-	-	-	-	3,988	-
Other non-current liabilities (Notes (6)(i) and (6)(r))	12,827	-	-	-	34,716	-
	<u>12,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,876</u>	<u>-</u>
Total liabilities	<u>3,555,876</u>	<u>43</u>	<u>2,850,017</u>	<u>35</u>		
Equity (Note (6)(m)):						
Share capital:						
Ordinary share	1,171,595	14	1,103,161	14		
Capital surplus	2,507,459	30	2,497,037	31		
Retained earnings:						
Legal reserve	404,535	5	327,935	4		
Special reserve	2,781	-	4,271	-		
Unappropriated retained earnings	634,746	8	1,309,930	16		
Other equity interest:						
Exchange differences on translation of foreign financial statements	(4,120)	-	(2,781)	-		
Total equity	<u>4,716,996</u>	<u>57</u>	<u>5,239,553</u>	<u>65</u>		
Total liabilities and equity	<u>\$ 8,272,872</u>	<u>100</u>	<u>\$ 8,089,570</u>	<u>100</u>		

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)
PCHOME ONLINE INC.

STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	2017		2016	
	Amount	%	Amount	%
4111 Sales revenue (Note (6)(o))	\$ 27,466,872	102	23,161,179	102
4170 Less: Sales returns, discounts and allowances	501,019	2	485,955	2
Operating revenue, net	26,965,853	100	22,675,224	100
5000 Operating costs (Note (6)(d))	23,058,437	86	19,051,360	84
Gross profit from operations	3,907,416	14	3,623,864	16
Operating expenses (Note(7)):				
6100 Selling expenses	2,807,531	10	2,307,985	10
6200 Administrative expenses	165,821	1	263,184	1
6300 Research and development expenses	143,825	1	155,463	1
Total operating expenses	3,117,177	12	2,726,632	12
Net operating income	790,239	2	897,232	4
Non-operating income and expenses (Note (6)(g)):				
7010 Other income	50,121	-	50,687	-
7020 Other gains and losses, net	(15,108)	-	(30,852)	-
7050 Finance costs	(824)	-	(78)	-
7070 Share of (loss) profit of associates and joint ventures accounted for using equity method, net	(661,616)	(2)	14,745	-
Total non-operating income and expenses	(627,427)	(2)	34,502	-
Profit before income tax	162,812	-	931,734	4
7950 Less: Tax expense (Note (6)(l))	126,322	-	165,742	1
Profit	36,490	-	765,992	3
Other comprehensive income:				
8310 Items that will not be reclassified subsequently to profit or loss				
8311 Remeasurement from defined benefit plans (Note (6)(k))	4,100	-	(6,888)	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	512	-	(829)	-
8349 Income tax expense related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(l))	(697)	-	1,171	-
Components of other comprehensive income that will not be reclassified to profit or loss	3,915	-	(6,546)	-
8360 Items that will be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements (Note (6)(m))	(1,339)	-	1,489	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	(1,339)	-	1,489	-
Other comprehensive income (loss), net of tax	2,576	-	(5,057)	-
8500 Total comprehensive income	\$ 39,066	-	760,935	3
Earnings per share (Note (6)(n))				
9750 Basic earnings per share (dollars)	\$ 0.31		6.54	
9850 Diluted earnings per share (dollars)	\$ 0.31		6.52	

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)
PCHOME ONLINE INC.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	Share capital Ordinary Capital	Capital Surplus	Legal Reserve	Retained Earnings		Unappropriated Retained Earnings	Other Equity Interest Exchange Differences on Translation of Foreign Statements	Total Equity
				Special Reserve	Reserve			
Balance as of January 1, 2016	998,549	2,498,301	250,151	-	-	1,260,211	(4,270)	5,002,942
Profit for the year ended December 31, 2016	-	-	-	-	-	765,992	-	765,992
Other comprehensive income for the year ended December 31, 2016	-	-	-	-	-	(6,546)	1,489	(5,057)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	759,446	1,489	760,935
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	77,784	-	-	(77,784)	-	-
Special reserve appropriated	-	-	-	4,271	-	(4,271)	-	-
Cash dividends of ordinary share	-	-	-	-	-	(523,060)	-	(523,060)
Stock dividends of ordinary share	104,612	-	-	-	-	(104,612)	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(1,274)	-	-	-	-	-	(1,274)
Changes in ownership interests in subsidiaries	-	10	-	-	-	-	-	10
Balance as of December 31, 2016	1,103,161	2,497,037	327,935	4,271	-	1,309,930	(2,781)	5,239,553
Profit for the year ended December 31, 2017	-	-	-	-	-	36,490	-	36,490
Other comprehensive income for the year ended December 31, 2017	-	-	-	-	-	3,915	(1,339)	2,576
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	-	40,405	(1,339)	39,066
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	76,600	-	-	(76,600)	-	-
Reversal of special reserve	-	-	-	(1,490)	-	1,490	-	-
Cash dividends of ordinary share	-	-	-	-	-	(547,469)	-	(547,469)
Stock dividends of ordinary share	68,434	-	-	-	-	(68,434)	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(390)	-	-	-	-	-	(390)
Changes in ownership interests in subsidiaries	-	10,812	-	-	-	(24,576)	-	(13,764)
Balance as of December 31, 2017	1,171,595	2,507,459	404,535	2,781	-	634,746	(4,120)	4,716,996

Note: For the years ended December 31, 2017 and 2016, the remuneration to directors and supervisors amounted to \$1,357 and \$5,967 and the remuneration to employees amounted to \$12,091 and \$69,197 had been deducted from the statements of comprehensive income for each period, respectively.

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)
PCHOME ONLINE INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from operating activities :		
Profit before tax	\$ 162,812	931,734
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	125,469	103,523
Amortization	21,301	12,591
Provision for doubtful accounts	299	4
Interest expenses	824	78
Interest income	(13,195)	(16,804)
Dividend income	(3,921)	(3,255)
Share of (profit) loss of associates and joint ventures accounted for using equity method	661,616	(14,745)
Gain on disposal and retirement of property, plant and equipment	(1,139)	-
Loss on disposal of investments	7,257	-
Gain on disposal of investments accounted for using equity method	-	(14)
Impairment loss on financial assets	-	27,521
Total adjustments to reconcile net income to net cash provided by operating activities	<u>798,511</u>	<u>108,899</u>
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	(387)	710
Accounts receivable	(84,560)	(38,973)
Other receivables	(37,971)	(14,508)
Inventories	(353,951)	(159,817)
Other financial assets	39,372	40,759
Other current assets	(3,073)	(10,114)
Total changes in operating assets, net	<u>(440,570)</u>	<u>(181,943)</u>
Changes in operating liabilities, net:		
Notes payable	(268)	(791)
Accounts payable	616,846	205,823
Other payable	3,258	42,954
Other current liabilities	125,397	22,987
Net defined benefit liabilities	(970)	(1,111)
Deferred credits	(29,193)	(20,544)
Other non-current liabilities	7,304	5,523
Total changes in operating liabilities, net	<u>722,374</u>	<u>254,841</u>
Total changes in operating assets and liabilities, net	<u>281,804</u>	<u>72,898</u>
Total Adjustments	<u>1,080,315</u>	<u>181,797</u>
Cash inflow generated from operations	1,243,127	1,113,531
Interest received	13,760	16,328
Dividends received	12,218	30,945
Interests paid	(824)	(78)
Income taxes paid	(166,775)	(137,884)
Net cash flows from operating activities	<u>1,101,506</u>	<u>1,022,842</u>
Cash flows from investing activities:		
Acquisition of financial assets measured at cost	(35,664)	(10,000)
Proceeds from disposal of financial assets measured at cost	16,167	-
Acquisition of investments accounted for using equity method	(1,223,788)	(98,786)
Proceeds from disposal of investments accounted for using equity method	-	29
Proceeds from capital reduction of investments accounted for using equity method	-	16,712
Acquired of property, plant and equipment	(239,051)	(210,604)
Disposal of property, plant and equipment	1,565	-
Acquired of intangible assets	(21,267)	(27,447)
Disposal of intangible assets	105	-
Other non-current assets	3,857	(50,885)
Other investing activities	-	2,339
Net cash flows used in investing activities	<u>(1,498,076)</u>	<u>(378,642)</u>
Cash flows from financing activities:		
Cash dividends paid	(547,469)	(523,060)
Net cash flows used in financing activities	<u>(547,469)</u>	<u>(523,060)</u>
Net (decrease) increase in cash and cash equivalents	(944,039)	121,140
Cash and cash equivalents, beginning of year	4,809,216	4,688,076
Cash and cash equivalents, end of year	<u>\$ 3,865,177</u>	<u>4,809,216</u>

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



安侯建業聯合會計師事務所

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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 Its Subsidiaries (“the Group”), which comprise the consolidated statement of financial position as of December 31, 2017 and 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2017 and 2016 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 Auditor’s 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) 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 revenues vouchers and the daily report.

2. Valuation of inventories

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

Key Audit Matters Explanation:

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

How the matter was addressed in our audit:

Our principal audit procedure included:

- Inspecting and analyzing the aging report of the inventory;
- Assessing the rationality of the policies of allowance for inventory valuation and obsolescence losses;
- Inspecting the post period sales situation and evaluating the net realizable value of measurement applied on aging inventory in order to verify the evaluation accuracy of the estimated inventory allowance by the Group;
- Assessing if the disclosure of the key management regarding the allowance of the inventory is appropriate.

Other Matter

PChome Online Inc. and Its Subsidiaries has additionally prepared its parent-company-only financial statement as of and for the years ended December 31, 2017 and 2016, on which we have issued an unmodified 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Liu-Fong Yang and Yi-Chun Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2018

Notes to Readers

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

The 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 auditor's report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017.12.31		2016.12.31		2017.12.31		2016.12.31	
	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS								
Current Assets:								
1100 Cash and cash equivalents (Notes (6)(a) and (6)(u))	\$ 8,370,267	72	8,188,180	78	2100 Short-term borrowings (Notes (6)(i) and (6)(u))			1
1150 Notes receivable, net (Notes (6)(c) and (6)(u))	3,183	-	2,644	-	2150 Notes payable (Note (6)(u))	1,865	-	2,193
1170 Accounts receivable, net (Notes (6)(c), (6)(u) and (7))	437,831	4	349,361	3	2170 Accounts payable (Note (6)(u))	2,861,964	25	2,286,602
1200 Other receivables (Notes (6)(c), (6)(u) and (7))	615,023	5	281,457	2	2200 Other payables (Note (6)(t) and 7)	922,740	8	690,359
1300 Inventories (Note (6)(d))	961,528	8	608,129	6	Current tax liabilities (Note (6)(n))	104,851	1	168,772
1476 Other current financial assets (Notes (6)(u) and (8))	306,090	3	331,011	3	Other current liabilities (Note (6)(j), (6)(l), and (6)(u))	2,204,417	19	1,271,607
1479 Other current assets	78,839	1	56,576	1		6,445,837	56	4,516,193
	<u>10,772,761</u>	<u>93</u>	<u>9,817,358</u>	<u>93</u>	Non-Current liabilities:			
Non-Current Assets:					2570 Deferred tax liabilities (Note (6)(n))	-	-	6,168
1543 Financial assets measured at cost (Notes (6)(b) and (6)(u))	43,557	-	30,814	-	2640 Net defined benefit liability, non-current (Note (6)(m))	4,173	-	10,714
1550 Investments accounted for using equity method, net (Note (6)(e))	12,234	-	-	-	2670 Other non-current liabilities (Notes (6)(l) and (6)(u))	13,035	-	5,523
1600 Property, plant and equipment (Note (6)(g))	574,409	5	377,923	4		17,208	-	22,405
1780 Intangible assets (Note (6)(h))	49,850	1	53,541	1	Total liabilities	<u>6,463,045</u>	<u>56</u>	<u>4,538,598</u>
1840 Deferred tax assets (Note (6)(n))	30,491	-	36,319	-				
1980 Other non-current financial assets (Notes (6)(u) and (8))	127,738	1	164,272	2	Equity attributable to owners of parent (Note (6)(o)):			
1990 Other non-current assets, others	6,416	-	50,884	-	Share capital:			
	<u>844,695</u>	<u>7</u>	<u>713,753</u>	<u>7</u>	Ordinary share	1,171,595	10	1,103,161
					Capital surplus	2,507,459	22	2,497,037
					Retained earnings:			
					Legal reserve	404,535	3	327,935
					Special reserve	2,781	-	4,271
					Unappropriated retained earnings	634,746	5	1,309,930
					Other equity interest:			
					Exchange differences on translation of foreign statements	(4,120)	-	(2,781)
					Total equity attributable to owners of parent:	<u>4,716,996</u>	<u>40</u>	<u>5,239,553</u>
					Non-controlling interests	437,415	4	752,960
					Total equity	<u>5,154,411</u>	<u>44</u>	<u>5,992,513</u>
Total assets	<u>\$ 11,617,456</u>	<u>100</u>	<u>10,531,111</u>	<u>100</u>	Total liabilities and equity	<u>\$ 11,617,456</u>	<u>100</u>	<u>10,531,111</u>

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

		2017		2016	
		Amount	%	Amount	%
4111	Sales revenue (Note (6)(r))	\$ 29,927,596	102	26,249,902	102
4170	Less: Sales returns, discounts and allowances	512,419	2	507,342	2
	Operating revenue, net	29,415,177	100	25,742,560	100
5000	Operating costs (Note (6)(d))	24,977,168	85	21,335,899	83
	Gross profit from operations	4,438,009	15	4,406,661	17
	Operating expenses:				
6100	Selling expenses	4,060,374	14	2,573,730	10
6200	Administrative expenses	305,962	1	505,770	2
6300	Research and development expenses	281,827	1	271,167	1
6300	Total operating expenses	4,648,163	16	3,350,667	13
	Net operating (loss) income	(210,154)	(1)	1,055,994	4
	Non-operating income and expenses (Note (6)(f)):				
7010	Other income	30,601	-	45,850	-
7020	Other gains and losses, net	(37,551)	-	(34,011)	-
7050	Finance costs	(2,520)	-	(1,517)	-
7060	Share of loss of associates and joint ventures accounted for using equity method, net	(2,470)	-	-	-
	Total non-operating income and expenses	(11,940)	-	10,322	-
	(Loss) Profit before income tax	(222,094)	(1)	1,066,316	4
7950	Less: Tax expense (Note (6)(n))	169,651	-	241,958	1
	(Loss) Profit	(391,745)	(1)	824,358	3
	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement from defined benefit plans (Note (6)(m))	5,130	-	(7,829)	-
8349	Income tax expense related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(n))	(872)	-	1,331	-
	Components of other comprehensive income that will not be reclassified to profit or loss	4,258	-	(6,498)	-
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation (Note (6)(o))	(898)	-	1,191	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(898)	-	1,191	-
	Other comprehensive income	3,360	-	(5,307)	-
8500	Total comprehensive income	\$ (388,385)	(1)	819,051	3
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 36,490	-	765,992	3
8620	(Loss) profit, attributable to non-controlling interests	(428,235)	(1)	58,366	-
		\$ (391,745)	(1)	824,358	3
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 39,066	-	760,935	3
8720	Comprehensive income, attributable to non-controlling interests	(427,451)	(1)	58,116	-
		\$ (388,385)	(1)	819,051	3
	Earnings per share (Note (6)(q))				
9750	Basic earnings per share (dollars)	\$	0.31		6.54
9850	Diluted earnings per share (dollars)	\$	0.31		6.52

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent							Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total Equity
	Share capital			Retained Earnings		Unappropriated Retained Earnings	Other Equity Interest			
	Ordinary Capital	Capital Surplus	Legal Reserve	Special Reserve	Differences on Translation of Foreign Statements					
\$	998,549	2,498,301	230,151	-	1,260,211	(4,270)	5,002,942	724,311	5,727,253	
Balance as of January 1, 2016	-	-	-	-	765,992	-	765,992	58,366	824,358	
Profit for the year ended December 31, 2016	-	-	-	-	(6,546)	-	(6,546)	(250)	(5,307)	
Other comprehensive income for the year ended December 31, 2016	-	-	-	-	759,446	-	759,446	58,116	819,051	
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	-	-	-	-	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	77,784	-	(77,784)	-	-	-	-	
Special reserve appropriated	-	-	-	4,271	(4,271)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(523,060)	-	(523,060)	-	(523,060)	
Stock dividends of ordinary share	104,612	-	-	-	(104,612)	-	-	-	-	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(1,274)	-	-	-	-	(1,274)	1,274	-	
Changes in ownership interests in subsidiaries	-	10	-	-	-	-	10	(10)	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	(30,731)	(30,731)	
Balance as of December 31, 2016	1,103,161	2,497,037	327,935	4,271	1,309,930	(2,781)	5,239,553	752,960	5,992,513	
Profit (Loss) for the year ended December 31, 2017	-	-	-	-	36,490	-	36,490	(428,235)	(391,745)	
Other comprehensive income for the year ended December 31, 2017	-	-	-	-	3,915	(1,339)	2,576	784	3,360	
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	40,405	(1,339)	39,066	(427,451)	(388,385)	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	76,600	-	(76,600)	-	-	-	-	
Special reserve appropriated	-	-	-	(1,490)	1,490	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(547,469)	-	(547,469)	-	(547,469)	
Stock dividends of ordinary share	68,434	-	-	-	(68,434)	-	-	-	-	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(390)	-	-	-	-	(390)	390	-	
Changes in ownership interests in subsidiaries	-	10,812	-	-	(24,576)	-	(13,764)	27,349	13,585	
Changes in non-controlling interests	-	-	-	-	-	-	-	84,167	84,167	
Balance as of December 31, 2017	1,171,595	2,507,459	404,535	2,781	634,746	(4,120)	4,716,996	437,415	5,154,411	

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

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from operating activities :		
(Loss) Profit before tax	\$ (222,094)	1,066,316
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	157,003	137,305
Amortization	23,319	14,982
Provision (reversal of provision) for doubtful accounts	182	(3,779)
Interest expenses	2,520	1,517
Interest income	(20,887)	(26,728)
Dividends income	(3,921)	(3,255)
Share based payments	13,585	-
Share of losses of associates and joint ventures accounted for using equity method	2,470	-
Gain on disposal and retirement of property, plant and equipment	(1,139)	(34)
Loss on disposal of investments	7,257	-
Impairment loss on financial assets	-	27,521
Total adjustments to reconcile net income to net cash provided by operating activities	<u>180,389</u>	<u>147,529</u>
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	(539)	660
Accounts receivable	(92,065)	(19,704)
Other receivables	(335,018)	131,589
Inventories	(353,399)	(158,241)
Other financial assets	65,299	37,093
Other current assets	(24,221)	(20,228)
Total changes in operating assets, net	<u>(739,943)</u>	<u>(28,831)</u>
Changes in operating liabilities, net:		
Notes payable	(328)	(3,703)
Accounts payable	575,565	185,340
Other payable	212,213	69,024
Other current liabilities	949,824	(56,410)
Net defined benefit liabilities	(1,437)	(1,555)
Other non-current liabilities	7,512	5,523
Total changes in operating liabilities, net	<u>1,743,349</u>	<u>198,219</u>
Total changes in operating assets and liabilities, net	<u>1,003,406</u>	<u>169,388</u>
Total Adjustments	<u>1,183,795</u>	<u>316,917</u>
Cash inflow generated from operations	961,701	1,383,233
Interest received	21,530	26,390
Dividends received	3,921	3,255
Interests paid	(2,423)	(1,453)
Income taxes paid	(233,645)	(221,948)
Net cash provided by operating activities	<u>751,084</u>	<u>1,189,477</u>
Cash flows from investing activities:		
Acquisition of financial assets measured at cost	(35,664)	(10,000)
Proceeds from disposal of financial assets at cost	15,664	-
Acquired of property, plant and equipment	(289,142)	(237,006)
Disposal of property, plant and equipment	1,440	34
Acquired of intangible assets	(23,150)	(30,568)
Disposal of intangible assets	-	76
Other non-current assets	1,051	(50,885)
Other investing activities	(68,692)	2,339
Net cash used in investing activities	<u>(398,493)</u>	<u>(326,010)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	253,010	96,990
Dividends paid	(547,469)	(523,060)
Change in non-controlling interests	124,959	(30,731)
Net cash used in financing activities	<u>(169,500)</u>	<u>(456,801)</u>
Foreign exchange rate effects	(1,004)	(1,834)
Net increase in cash and cash equivalents	182,087	404,832
Cash and cash equivalents, beginning of year	8,188,180	7,783,348
Cash and cash equivalents, end of year	<u>\$ 8,370,267</u>	<u>8,188,180</u>

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

PChome Online Inc.

Comparison Table of Amendments to the Articles of Incorporation

After the Amendment	Before the Amendment	Description
<p>Article 9 Shareholder services of the Company are handled in accordance with the Company Act, “Regulations Governing the Administration of Shareholder Services of Public Companies” and relevant laws and regulations promulgated by the competent authorities.</p>	<p>Article 9 Shareholders shall submit their seal specimens to the Company for retention. The same applies to changes in seal specimens. Shareholders shall apply the seals used in the seal specimens when receiving dividends from the Company or exercising other rights. Share-related matters of the Company are handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the competent authorities.</p>	<p>Amended based on the daily operation.</p>
<p>Chapter IV Directors and Audit Committee Article 18: The Company has nine directors. The candidate nomination system is adopted pursuant to Article 192-1 of the Company Act. Shareholders shall elect from the list of candidates to serve a term of three years. Directors are eligible for re-election. The number of independent directors within the number of directors in the preceding article shall be two at least and shall not be less than one-fifth of the total number of directors. The election for independent and non-independent directors shall be held at the same time, but the numbers to be elected shall be calculated separately. The majority of the Company’s directors shall not have one of the following relationships. I. Spouse II. Within Second-Degree of Kinship The Board is delegated to determine the remuneration to directors based on their involvement in the Company's business operation and their contributions to the Company</p>	<p>Chapter IV Directors and Supervisors Article 18: The Company has nine directors and two to three supervisors, who are elected from the shareholders with legal capacity to serve a term of three years. They are eligible for re-election. After the Company went public, the overall shareholding percentage of all directors and supervisors is stipulated by laws and regulations. The majority of the Company’s directors and at least one seat of supervisors or between supervisors and directors shall not have one of the following relationships. I. Spouse II. Within Second-Degree of Kinship The Board is delegated to determine the remuneration to directors and supervisors based on their involvement in the Company's business operation and their contributions to the Company with reference to the remuneration standard of the industry.</p>	<p>1. The term “supervisor” is removed due to the establishment of an audit committee and amendments are made per Company’s actual needs.</p> <p>2. Combined provisions under Article 18-1.</p>

After the Amendment	Before the Amendment	Description
with reference to the remuneration standard of the industry.		
(This article is deleted)	<p>Article 18-1: The number of independent directors within the number of directors in the preceding article shall be two at least and the candidate nomination system is adopted. Shareholders may elect independent directors from the list of candidates for independent directors. The nomination method is governed by Article 192-1 of the Company Act.</p>	<p>Relevant rules are adjusted to the amended Article 18.</p>
<p>Article 19: The Board is composed of directors. The directors shall elect a Chairman from among themselves in the Board meeting with the consent of the majority of attending directors which represents more than two-thirds of all directors. The Chairman shall have the authority to represent the Company.</p> <p>When the vacancies on the Board exceed one-third of the total number of the Directors, the Board shall convene a special shareholders' meeting within sixty days to elect new Directors to fill in the vacancies. The newly elected Directors shall serve the remaining term of the outgoing Directors.</p>	<p>Article 19: The Board is composed of directors. The directors shall elect a Chairman from among themselves in the Board meeting with the consent of the majority of attending directors which represents more than two-thirds of all directors. The Chairman shall have the authority to represent the Company.</p> <p>When the vacancies on the Board exceed one-third of the total number of the Directors or all supervisors are dismissed, the Board shall convene a special shareholders' meeting within sixty days to elect new members to fill in the vacancies. The newly elected members shall serve the remaining term of the outgoing members.</p>	<p>The term "supervisor" is removed due to the establishment of an audit committee to replace supervisors.</p>
<p>Article 24: The Company establishes an audit committee in compliance with Article 14-4 of the Securities and Exchange Act. The audit committee shall consist of all independent directors and is responsible to carry out duties of supervisors stipulated in the Company Act, Securities, and Exchange Act and other laws and regulations.</p> <p>Matters concerning the audit committee members, the exercise of their powers and other compliance issues shall be handled in accordance with relevant laws and regulations. Its organizational regulations shall be</p>	<p>Article 24: The supervisors shall exercise their powers pursuant to the Company Act and the authority granted by the shareholders' meeting.</p>	<p>1. The term "supervisor" is removed due to the establishment of an audit committee and amendments are made per Company's actual needs.</p>

After the Amendment	Before the Amendment	Description
<p>established separately by the Board. The Company may establish a compensation committee or other functional committees in accordance with laws and regulations or business needs.</p>		
<p>Article 25: Deleted</p>	<p>Article 25: In addition to exercising the power of supervision independently pursuant to the laws and regulations, the supervisors may attend the Board meeting to state their opinions. However, they do not have voting rights.</p>	<p>Provision concerning “supervisor” of this Article is removed due to the establishment of an audit committee.</p>
<p>Article 28: When the Company makes a profit for the year, the compensation to employees shall be between one to fifteen percent of the balance and the remuneration to the directors shall not be higher than one point five percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be distributed. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in affiliated companies who met certain conditions.</p>	<p>Article 28: When the Company makes a profit for the year, the compensation to employees shall be between one to fifteen percent of the balance and the remuneration to the directors and supervisors shall not be higher than one point five percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be distributed. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in affiliated companies who met certain conditions.</p>	<p>Provision concerning “supervisor” of this Article is removed due to the establishment of an audit committee.</p>
<p>Article 31: The Articles of Incorporation was established on June 25, 1998. The first amendment was made on November 16, 1998. The second amendment was made on April 1, 1999. The third amendment was made on May 18, 1999. The fourth amendment was made on December 9, 1999. The fifth amendment was made on February 22, 2000. The sixth amendment was made on May 3, 2000. The seventh amendment was made on September 14, 2000. The eighth amendment was made on June 11, 2002. The ninth amendment was made on June 27, 2003. The tenth amendment was made on June</p>	<p>Article 31: The Articles of Incorporation was established on June 25, 1998. The first amendment was made on November 16, 1998. The second amendment was made on April 1, 1999. The third amendment was made on May 18, 1999. The fourth amendment was made on December 9, 1999. The fifth amendment was made on February 22, 2000. The sixth amendment was made on May 3, 2000. The seventh amendment was made on September 14, 2000. The eighth amendment was made on June 11, 2002. The ninth amendment was made on June 27, 2003. The tenth amendment was made on June 25, 2004. The eleventh amendment was made on June 26, 2006. The twelfth amendment</p>	<p>Add the amendment date.</p>

After the Amendment	Before the Amendment	Description
<p>25, 2004. The eleventh amendment was made on June 26, 2006. The twelfth amendment was made on June 22, 2007. The thirteenth amendment was made on June 10, 2009. The fourteenth amendment was made on June 19, 2012. The fifteenth amendment was made on June 26, 2013. The sixteenth amendment was made on June 24, 2014. The seventeenth amendment was made on June 21, 2016. The eighteenth amendment was made on June 13, 2018.</p>	<p>was made on June 22, 2007. The thirteenth amendment was made on June 10, 2009. The fourteenth amendment was made on June 19, 2012. The fifteenth amendment was made on June 26, 2013. The sixteenth amendment was made on June 24, 2014. The seventeenth amendment was made on June 21, 2016.</p>	

PChome Online Inc.

Comparison Table of Amendments to Procedures for Endorsement and Guarantee

After the Amendment	Before the Amendment	Description
<p>Article 7-1:</p> <p>When a change of circumstances results in the party to whom the Company provided endorsement and guarantee fails to meet legal compliance requirement or criteria of the Procedures or with an amount exceeding the limit, improvement plans shall be established and submitted to the audit committee. Improvement shall be executed by schedule.</p>	<p>Article 7-1:</p> <p>When a change of circumstances results in the party to whom the Company provided endorsement and guarantee fails to meet legal compliance requirement or criteria of the Procedures or with an amount exceeding the limit, improvement plans shall be established and submitted to all supervisors. Improvement shall be executed by schedule.</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee.</p>
<p>Article 10: Matters to be noted when handling endorsement and guarantee:</p> <ol style="list-style-type: none"> 1. The internal auditor of the Company shall at least quarterly audit the procedures concerning endorsement and guarantee and the execution status, and prepare written record accordingly. If a material violation is found, they shall immediately notify the audit committee in writing. 2. When change of circumstances results in the party to whom the Company provided endorsement and guarantee pursuant to Article 3 of the Procedures later failed to meet the criteria in the article, or the amount of endorsement and guarantee exceeds the limit prescribed in Article 4 of the Procedures due to the changes of basis on which the amounts of limits are calculated, the audit unit shall supervise the finance department to 	<p>Article 10: Matters to be noted when handling endorsement and guarantee:</p> <ol style="list-style-type: none"> 3. The internal auditor of the Company shall at least quarterly audit the procedures concerning endorsement and guarantee and the execution status, and prepare written record accordingly. If a material violation is found, they shall immediately notify all supervisors in writing. 4. When change of circumstances results in the party to whom the Company provided endorsement and guarantee pursuant to Article 3 of the Procedures later failed to meet the criteria in the article, or the amount of endorsement and guarantee exceeds the limit prescribed in Article 4 of the Procedures due to the changes of basis on which the amounts of limits are calculated, the audit unit shall supervise the finance department to eliminate the amount of endorsement and guarantee for such party or the excess upon the 	<p>The term “supervisor” is removed due to the establishment of an audit committee.</p>

After the Amendment	Before the Amendment	Description
<p>eliminate the amount of endorsement and guarantee for such party or the excess upon the expiry of agreement or within the certain period specified in the improvement plan. The plan shall be delivered to the audit committee and reported to the Board.</p>	<p>expiry of agreement or within the certain period specified in the improvement plan. The plan shall be delivered to all supervisors and reported to the Board.</p>	
<p>Article 11: Controlling procedures regarding endorsement and guarantee provided by the subsidiaries</p> <p>I. (omitted)</p> <p>II. (omitted)</p> <p>III. The internal auditor of the subsidiaries shall at least quarterly audit the procedures concerning endorsement and guarantee and the execution status, and prepare written record accordingly. If a material violation is found, they shall immediately notify the Company’s audit unit in writing. The later shall submit the written documents to the audit committee.</p>	<p>Article 11: Controlling procedures regarding endorsement and guarantee provided by the subsidiaries</p> <p>I. (omitted)</p> <p>II. (omitted)</p> <p>III. The internal auditor of the subsidiaries shall at least quarterly audit the procedures concerning endorsement and guarantee and the execution status, and prepare written record accordingly. If a material violation is found, they shall immediately notify the Company’s audit unit in writing. The later shall submit the written documents to all supervisors.</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee.</p>
<p>Article 13 Implementation and amendment</p> <p>Amendments to this Procedures shall be approved by the majority of all audit committee members, submitted to the Board of Directors for resolutions and adopted at the shareholders’ meeting. If any director expresses objection on the record or in writing, the Company shall submit the objection to the audit committee. The Procedures may come into force upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not</p>	<p>Article 13 Implementation and amendment</p> <p>The Procedures shall be approved by the Board of Directors, submitted to all supervisors and adopted at the shareholders’ meeting. If any director expresses objection on the record or in writing, the Company shall submit the objection to all supervisors and propose it at the shareholders’ meeting for discussion. The same applies to any amendment made to the Procedures.</p> <p>If the Company has independent directors, their opinions shall be fully taken into consideration when the Procedures is submitted to the board of directors for discussion in accordance with the</p>	<p>Provisions concerning the newly established audit committee are added. The term “supervisors” is removed.</p>

After the Amendment	Before the Amendment	Description
approve. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board Meeting.	preceding provision. Their definite opinions on whether to approve and the reasons for disapproval shall be recorded in the minutes of the Board Meetings.	

PChome Online Inc.

Comparison Table of Amendments to Rules for Election of Directors and Supervisors

After the Amendment	Before the Amendment	Description
Name: Rules for Election of Directors	Name: Rules for Election of Directors and Supervisors	The term “supervisor” is removed due to the establishment of an audit committee.
1. Purpose The Rules are established to improve measures adopted in the Company’s election of directors.	1. Purpose The Rules are established to improve measures adopted in the Company’s election of directors and supervisors .	
2. The scope of application The Company's election of directors shall comply with the Rules.	2. The scope of application The Company's election of directors and supervisors shall comply with the Rules.	
5.1 The Company's election of directors shall be held at the shareholders' meeting.	5.1 The Company's election of directors and supervisors shall be held at the shareholders' meeting.	
5.2 The number of directors of the Company is based on the number of directors stipulated in the Company’s Articles of Incorporation.	5.2 The number of directors and supervisors of the Company is based on the number of directors and supervisors stipulated in the Company’s Articles of Incorporation.	
5.3 The Company’s adopts the open-ballot, cumulative voting method for election of directors. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or divided to vote for several persons. The shareholder account number or attendance card numbers on the ballot may be used to replace the names of shareholders on the ballots.	5.3 The Company holds the election of directors and supervisors at the shareholders’ meeting and adopts the open-ballot, cumulative voting method. The shareholder number and attendance card numbers on the ballot may be used to replace the names of shareholders on the ballots. At the Company’s election of directors and supervisors , each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or divided to vote for several persons.	
5.4 For the number of seats set forth in the Articles of Incorporation, the number of votes for independent and non-independent directors are calculated separately, and candidates who acquire more votes shall win the seats of independent and non-	5.4 Based on the number of seats set forth in the Articles of Incorporation, candidates who acquire more votes shall win the seats of directors and supervisors respectively. When two or more persons receive the same number of vote, thus exceeding the specified number of positions, such persons acquiring the same votes	

<p>independent directors respectively. When two or more persons receive the same number of vote, thus exceeding the specified number of positions, such persons acquiring the same votes shall draw lots to decide who should win the seats, and the chairman shall draw lots on behalf of the candidate who is not present.</p>	<p>shall draw lots to decide who should win the seats, and the chairman shall draw lots on behalf of the candidate who is not present. A natural person cannot serve as a director and supervisor concurrently. When a person is elected as a director and a supervisor simultaneously, the person shall decide whether to serve as a director or a supervisor. The vacancy would be filled in by the candidate with the second highest number of votes in the election.</p>	
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PChome Online Inc.

Comparison Table of Amendments to Procedures for Lending Funds to Other Parties

After the Amendment	Before the Amendment	Description
<p>Article 7 Subsequent control on loan amount and procedures for overdue credit</p> <p>(I) Extension (omitted)</p> <p>(II) Case registration and safekeeping</p> <p>1. (omitted)</p> <p>2. (omitted)</p> <p>3. The internal auditor of the Company shall at least quarterly audit the procedures for lending funds to other parties and its execution status, and prepare written record accordingly. If a material violation is found, they shall immediately notify the audit committee in writing.</p> <p>4. When change of circumstances results in lending balance exceeds the limit, the audit department shall urge the financial department to set a deadline to recover the exceeding amount and send the improvement plan to the audit committee. Improvement shall be executed by schedule.</p> <p>5. (omitted)</p>	<p>Article 7 Subsequent control on loan amount and procedures for overdue credit</p> <p>(I) Extension (omitted)</p> <p>(II) Case registration and safekeeping</p> <p>1. (omitted)</p> <p>2. (omitted)</p> <p>3. The internal auditor of the Company shall at least quarterly audit the procedures for lending funds to other parties and its execution status, and prepare written record accordingly. If a material violation is found, they shall immediately notify all supervisors in writing.</p> <p>4. When change of circumstances results in lending balance exceeds the limit, the audit department shall urge the financial department to set a deadline to recover the exceeding amount and send the improvement plan to all supervisors.</p> <p>5. (omitted)</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee.</p>
<p>Article 9 Information disclosure (omitted)</p> <p>(VI) When change of circumstances results in borrower’s failure to meet the criteria of the Procedures or lending balance exceeds the limit, improvement plans shall be established and submitted to the audit committee. Improvement shall be executed by schedule.</p>	<p>Article 9 Information disclosure (omitted)</p> <p>(VI) When change of circumstances results in borrower’s failure to meet the criteria of the Procedures or lending balance exceeds the limit, improvement plans shall be established and submitted to all supervisors. Improvement shall be executed by schedule.</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee.</p>
<p>Article 11 Implementation and amendment Amendments to this Procedures</p>	<p>Article 11 Implementation and amendment The Procedures shall be approved</p>	<p>Provisions concerning the newly established audit committee are</p>

<p>shall be approved by the majority of all audit committee members, submitted to the Board of Directors for resolutions and adopted at the shareholders' meeting. If any director expresses objection on the record or in writing, the Company shall submit the objection to the audit committee. The Procedures may come into force upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board Meeting.</p>	<p>by the Board of Directors, submitted to all supervisors and adopted at the shareholders' meeting. If any director expresses objection on the record or in writing, the Company shall submit the objection to all supervisors and propose it at the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures.</p> <p>If the Company has independent directors, their opinions shall be fully taken into consideration when the Procedures is submitted to the board of directors for discussion in accordance with the preceding provision. Their definite opinions on whether to approve and the reasons for disapproval shall be recorded in the minutes of the Board Meetings.</p>	<p>added. The term "supervisors" is removed.</p>
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PChome Online Inc.

Rules of Procedure for Shareholders' Meeting

1. Purpose

To ensure that the shareholders' meetings of the Company can operate smoothly, the Rules of Procedure for Shareholders' Meeting (the "Rules") is established in accordance with the Official Letter (86) Taiwan-Finance-Securities-(III)-04109 issued by the Securities and Futures Commission of the Ministry of Finance.

2. Scope of application

Applicable to shareholders' meeting of the company.

3. Definition of terms

3.1 The term "shareholders" used in the Rules refers to shareholders as set out in the shareholders' register or their appointed proxies.

4. Related documents

None

5. Operating procedures

5.1 The shareholders' meeting is presided by the Chairman of the Board of Directors (the "Board") is convened by the Board. If the Chairman is on leave or unable to exercise power, the Vice Chairman of the Board shall stand proxy. If there is no Vice Chairman of the Board or the Vice Chairman is also on leave or unable to exercise power, the Chairman may appoint one of managing directors to stand proxy. If there is no managing director, the Chairman may appoint one director to stand proxy. If the Chairman does not appoint a proxy, the managing directors or directors shall elect one person from among themselves to preside at the meeting. If the shareholders' meeting is convened by any other party entitled to convene the meeting, the convening party shall preside at the meeting.

5.2 The shareholders' meeting shall be convened at the premises of the Company or an appropriate venue convenient for shareholders to attend. The meeting shall begin no earlier than 9 a.m. or no later than 3 p.m.

5.3 Shareholders' meeting agenda items

5.3.1 The Board shall set the meeting agenda items. The meeting shall proceed according to the agenda which shall not be changed without a resolution of the shareholders' meeting.

5.3.2 Rule 5.3.1 applies to the shareholders' meeting convened by a party entitled to convene other than the Board.

5.3.3 The chairman shall not announce adjournment of the meeting before completion of the agenda (including special motions) referred to in 5.3.1 and 5.3.2 unless otherwise resolved at the shareholders' meeting.

5.3.4 After the meeting is adjourned, the shareholders shall not elect another chairman to continue the meeting at the original or another venue.

5.4 When the shareholders (or their appointed proxies) attend the shareholders' meeting, they shall sign on the attendance booklet or hand in the attendance cards in lieu of signing in and complete

the registration procedures. The attendance and voting at the shareholders' meeting shall be calculated based on the number of shares.

5.5 The chairman shall call the meeting to order at the scheduled time. When the majority of the total number of issued shares are not represented by the attending shareholders, the chairman may announce to postpone the meeting. The postponement is limited to two times with a combined duration of less than one hour. If the quorum is not met after two postponements, but one-third or more of the total number of issued shares are represented by the attending shareholders, tentative resolutions may be made pursuant to Paragraph 1 of Article 175 of the Company Act. If the attending shareholders represent the majority of the total number of issued shares before the conclusion of the meeting, the chairman may resubmit the tentative resolutions for voting at the shareholders' meeting pursuant to Article 174 of the Company Act.

5.6 Speech of the attending shareholders

5.6.1 Before speaking, the attending shareholders shall complete the speaker's slip indicating the shareholder's account number (or the number of attendance card) and account name. The sequence of speeches shall be determined by the chairman.

5.6.2 If the attending shareholder submits a speaker's slip without speaking, it shall be deemed as making no speeches. If the contents of speech are inconsistent with the contents of speaker's slip, the contents of speech shall prevail.

5.6.3 When the attending shareholders speak, other shareholders shall not interrupt the speech unless they are permitted by the chairman and the speaking shareholder. Otherwise, the chairman shall stop such interruption.

5.6.4 The shareholder's speech is limited to five minutes each time and may be extended by three minutes upon consent of the chairman. The extension is limited to one time.

5.6.5 The shareholder shall not make a speech concerning the same proposal for more than two times. If the Shareholder's speech exceeds the time limit or is beyond the scope of the agenda item, the chairman may stop the speech. If a shareholder continues to violate the Rules after being corrected, the chairman may direct the disciplinary officers (or security guards) to assist with maintaining order at the meeting.

5.6.6 When a juristic person is appointed to attend the shareholders' meeting, it may designate only one person to attend on its behalf. If a corporate shareholder appoints two or more representatives to attend the shareholders' meeting, only one representative may speak for each agenda item.

5.6.7 After the attending shareholder has spoken, the chairman may respond in person or appoint an appropriate person to respond.

5.7 When the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, he/she shall announce the discussion closed and call for a vote. The proposal shall be deemed adopted if all attending shareholders are solicited by the chairman and no objection is voiced. Its validity is the same as voted by casting ballots.

5.8 Voting on proposals

- 5.8.1 The ballot supervisors and ballot counters of proposal voting shall be appointed by the chairman, but the ballot supervisors shall be shareholders. The voting results shall be announced at the meeting and recorded in the minutes.
- 5.8.2 Unless otherwise provided in the Company Act and Articles of Incorporation, the adoption of resolution shall be approved by the majority of voting rights represented by the attending shareholders.
- 5.8.3 When there is an amendment or an alternative to a proposal, the chairman shall present the amendment or alternative together with the original proposal and decide their voting orders. If one proposal among them has been adopted, the others shall be deemed overruled and no further voting is required.
- 5.9 Shareholders shall not participate in voting on agenda items of which they have a personal interest and may impair the interest of the Company, and shall not exercise the voting rights as proxy for other Shareholders.
- 5.10 The Company may appoint designated attorneys, certified public accountants or related persons to attend the shareholders' meeting. The staff involved in the meeting affairs shall wear identification cards or armbands.
- 5.11 The process of shareholders' meeting shall be tape-recorded or videotaped and kept for at least one year.
- 5.12 The meeting shall be suspended if an air-raid drill starts for shareholders to evacuate. Meeting would resume one hour after the completion of drill.
- 5.13 When the meeting is in progress, the chairman may announce a break at his/her discretion.
- 5.14 Any other matters not set forth in the Rules shall be subject to the Articles of Incorporation, Company Act and other applicable rules and regulations.
- 5.15 The Rules and any amendment hereto shall take effect after adoption by the shareholders' meeting.

PChome Online Inc. Articles of Incorporation

Chapter I General Provisions

Article 1: The Company is incorporated as a company limited by shares in accordance with the Company Act and is named Phone Online Inc.

Article 2: The Company's business scope is as follows:

The Company's business scope is as follows:

1	E605010	Computing Equipment Installation Construction
2	E701040	Basic Telecommunications Equipment Construction
3	F113050	Wholesale of Computing and Business Machinery Equipment
4	F113070	Wholesale of Telecom Instruments
5	F118010	Wholesale of Computer Software
6	F119010	Wholesale of Electronic Materials
7	F201010	Retail sale of Agricultural Products
8	F201020	Retail sale of Husbandry Products
9	F201050	Retail sale of Fishing Tackles
10	F201070	Retail sale of Flowers
11	F201090	Retail Sale of Aquarium Fishes
12	F202010	Retail sale of Animal Feeds
13	F203010	Retail sale of Food and Grocery
14	F203020	Retail Sale of Tobacco and Alcoholic Beverages
15	F204110	Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
16	F205040	Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures
17	F206020	Retail Sale of Articles for Daily Use
18	F206050	Retail of pet food and appliances
19	F207030	Retail Sale of Cleaning Preparations
20	F208031	Retail sale of Medical Equipment
21	F208040	Retail Sale of Cosmetics
22	F208050	Retail Sale of the Second Type Patent Medicine
23	F209060	Retail sale of Stationery Articles, Musical Instruments, and Educational Entertainment Articles
24	F210010	Retail Sale of Watches and Clocks
25	F210020	Retail Sale of Spectacles
26	F213030	Retail sale of Computing and Business Machinery Equipment

27	F213060	Retail Sale of Telecom Instruments
28	F214010	Retail Sale of Automobiles
29	F214020	Retail Sale of Motorcycles
30	F214030	Retail Sale of Motor Vehicle Parts and Supplies
31	F214040	Retail Sale of Bicycles and Parts
32	F215010	Retail Sale of Jewelry and Precious Spectacles Metals
33	F216010	Retail Sale of Photographic Equipment
34	F218010	Retail Sale of Computer Software
35	F219010	Retail Sale of Electronic Materials
36	F299990	Retail Sale of Other Retail Trade Not Elsewhere Classified
37	F301010	Department Stores
38	F301020	Supermarkets
39	F399010	Convenience Stores
40	F399040	Retail Business Without Shop
41	F399990	Retail sale of Others
42	F401010	International Trade
43	F401021	Restrained Telecom Radio Frequency Equipment and Materials Import
44	F501030	Coffee/Tea Shops and Bars
45	F501050	Public Houses and Beer Halls
46	F501060	Restaurants
47	F601010	Intellectual Property
48	I102010	Investment Consultancy
49	I103060	Management Consulting Services
50	I105010	Artwork Consultation Services
51	I199990	Other Consultancy
52	I301010	Software Design Services
53	I301020	Data Processing Services
54	I301030	Digital Information Supply Services
55	I301040	The Third-party Payment Services
56	I401010	General Advertising Services
57	I401020	Leaflet Distribution
58	I501010	Product Designing
59	IE01010	Telecommunications Number Agencies

60	IZ03010	Clipping Services
61	IZ04010	Translation Services
62	IZ10010	Typesetting Services
63	IZ12010	Manpower Services
64	IZ13010	Internet Identify Services
65	IZ99990	Other Industry and Commerce Services Not Elsewhere Classified
66	J301010	Newspaper Publishers
67	J302010	Press Release
68	J303010	Magazine and Periodical Publication
69	J304010	Book Publishers
70	J305010	Audio Tape and Record Publishers
71	J602010	Agents and Managers for Performing Arts, Entertainers, and Models
72	J701020	Amusement Parks
73	J701040	Recreational Activities grounds and Facilities
74	J801030	Athletics and Recreational Sports Stadium
75	JA05010	Study Abroad Services
76	JB01010	Exhibition Services
77	JD01010	Industry and Commerce Credit Bureau Services
78	JE01010	Rental and Leasing Business
79	JZ99050	Agency Services
80	JZ99080	Beauty Shops
81	JZ99090	Joyous Events Services
82	G101061	Truck Freight Transportation
83	G801010	Warehousing and Storage
84	IZ06010	Cargoes Packaging
85	G799990	Other Supporting Services to Transportation
86	ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The total reinvestment of the Company shall not be limited to less than forty percent of paid-up capital and the Company may provide endorsement and guarantee to external parties.

Article 4: The Company is located in Taipei City and may, if necessary, set up branch offices in other appropriate locations upon resolution of the Board of Directors (the "Board").

Article 5: Deleted.

Chapter II Capital Stock

Article 6: The total amount of the Company's capital stock is NT\$1,500,000,000, which is divided into 150,000,000 shares. The Board is authorized to issue the unissued shares by multiple installments. 12,000,000 shares of the aforementioned capital stock are retained for employees' stock options. New shares issued by the Company are exempted from printing, however, they shall be registered in the central securities depository.

Article 7: The shares of the Company shall be name-bearing certificates. They are issued after signed or sealed by more than three Directors and certified in accordance with applicable laws and regulations.

Article 7-1: The name-bearing share certificates issued by the Company are exempted from printing; however, they shall be registered in the central securities depository.

Article 8: The shareholders of the Company shall use their own names. Where an institution or a juristic person is a shareholder, it shall use its name as records instead of registering another name or only a representative.

Article 9: Shareholders shall submit their seal specimens to the Company for retention. The same applies to changes in seal specimens. Shareholders shall apply the seals used in the seal specimens when receiving dividends from the Company or exercising other rights. Share-related matters of the Company are handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authorities.

Article 10: Registration for share transfer shall be suspended sixty days before the date of annual general shareholders' meeting, and thirty days before the special shareholders' meeting, or within five days before the day on which the Company determines to pay dividends, bonuses, or any other benefits.

Chapter III Shareholders' Meeting

Article 11: The shareholders' meetings of the Company are classified into two types: the general and special meetings.

1. The general meeting shall be annually convened within six months from the end of each fiscal year.
2. The special meeting shall be convened in accordance with the relevant laws and regulations, whenever is necessary.

Article 12: Written notices shall be sent to all shareholders thirty days prior to the general meeting and fifteen days prior to the special meeting. The notice shall specify the date, place, and reasons to convene.

Article 13: The resolutions of shareholders' meeting, unless otherwise stated in the relevant laws and regulations, shall be agreed by the majority of votes represented by the attending shareholders or proxies who represents the majority of the total number of issued shares.

Article 14: Shareholders of the Company are entitled to one vote for each share held. However, this shall not apply to Company's shares held by its own pursuant to laws and regulations.

Article 15: Shareholders may designate a proxy to attend the shareholders' meeting with a power of attorney issued by the Company in accordance with the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meeting of Public Companies promulgated by the competent authority.

Article 16: The Chairman of the Board shall preside at the shareholders' meeting. When the Chairman is unable to attend, he/she may appoint one of the directors to stand proxy. If the Chairman does not appoint a proxy, directors shall elect a person from among themselves to preside at the meeting. If the shareholders' meeting is convened by a party other than the Board, the convening party shall preside at the meeting. When there are two or more convening parties, they shall elect a person from among themselves to preside at the meeting.

Article 17 The resolutions of the shareholders' meeting shall be recorded in the minutes. The minutes shall be signed or affixed to the meeting chairman's seal and be distributed to all shareholders within twenty days after the meeting. The distribution may be done via public announcement. The meeting minutes shall contain the essentials and results of the proceedings and be retained permanently by the Company together with the shareholders' attendance booklet and power of attorney.

Chapter 4 Directors and Supervisors

Article 18: The Company has nine directors and two to three supervisors, who are elected from the shareholders with legal capacity to serve a term of three years. They are eligible for re-election. After the Company went public, the overall shareholding percentage of all directors and supervisors is stipulated by laws and regulations.

The majority of the Company's directors and at least one seat of supervisors or between supervisors and directors shall not have one of the following relationships.

I. Spouse

II. Within Second-Degree of Kinship

The Board is delegated to determine the remuneration to directors and supervisors based on their involvement in the Company's business operation and their contributions to the Company with reference to the remuneration standard of the industry.

Article 18-1: The number of independent directors within the number of directors in the preceding article shall be two at least and the candidate nomination system is adopted. Shareholders may elect independent directors from the list of candidates for independent directors. The nomination method is governed by Article 192-1 of the Company Act.

Article 19: The Board is composed of directors. The directors shall elect a Chairman from among themselves in the Board meeting with the consent of the majority of attending directors, which represents more than two-thirds of all directors. The Chairman shall have the authority to represent the Company.

When the vacancies on the Board exceed one-third of the total number of the Directors or all supervisors are dismissed, the Board shall convene a special shareholders' meeting within sixty days to elect new members to fill in the vacancies. The newly elected members shall serve the remaining term of the outgoing members.

Article 20: When the Chairman is on leave or unable to exercise power, his/her proxy shall be determined in accordance with Article 208 of the Company Act.

Article 21: The Board meeting shall be convened by the Chairman. Unless otherwise stipulated in the Company Act, resolutions in a Board meeting shall be adopted by the majority of attending directors which represents the majority of all directors. For Board meetings conducted through video-conferencing, a director who participates through video-conferencing is deemed to attend in person. If a director is unable to attend the Board meeting for some reason, he/she shall authorize another director to stand proxy with a power of attorney indicating the scope of authority with reference to the subjects to be discussed at the meeting. No director may act as a proxy for more than one other director.

Article 22: The Board shall exercise their powers pursuant to the Company Act and the authority granted by the shareholders' meeting.

Article 23: The discussion at the Board meeting shall be recorded in the minutes. The minutes shall be signed or affixed with the meeting chairman's seal and be retained by the Company.

Article 24: The supervisors shall exercise their powers pursuant to the Company Act and the authority granted by the shareholders' meeting.

Article 25: In addition to exercising the power of supervision independently pursuant to the laws and regulations, the supervisors may attend the Board meeting to state their opinions. However, they do not have voting rights.

Chapter V Managers

Article 26: The Company shall have several managers. Their appointment, dismissal, and remuneration shall be subject to Article 29 of the Company Act.

Chapter VI Accounting

Article 27: The Company's Board of Directors shall prepare (1) business report, (2) financial statements and (3) profit distribution or deficit compensation proposal after the end of each fiscal year and forward them to the general meeting of shareholders for approval.

Article 28: When the Company makes a profit for the year, the compensation to employees shall be between one to fifteen percent of the balance and the remuneration to the directors and supervisors shall not be higher than one point five percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be distributed. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in affiliated companies who met certain conditions.

Article 28-1: The Company shall apply current year's earnings, if any, to pay for taxes first, offset losses in previous years and allocate 10% as a legal reserve unless the accumulated legal reserve has equaled the paid-up capital of the Company. The special reserve is appropriated based

on the Company's operational needs and legal requirements. Remaining earnings, if any, would be combined with the unappropriated earnings at beginning of the period. The Board shall draft an earnings distribution proposal and submit it to the shareholders' meeting for resolution.

The Company adopts the residual dividend policy as its dividend policy. The Company would calculate future capital requirements based on the capital budget for future periods and apply retained earnings to satisfy the capital requirement. Earnings remained would be distributed in the form of stocks and cash dividends. However, the stock dividends distributed shall not exceed 80% of the dividends for the year. The amount and the types and ratio of dividends under earnings appropriation shall be approved by the Board before submitted to the shareholders' meeting for resolution.

Chapter VII Additional Provisions

Article 29: Rules governing the organization and the procedures of the Company shall be separately stipulated.

Article 30: Matters not set forth in the Articles of Incorporation shall be subject to the Company Act and other laws and regulations.

Article 31: The Articles of Incorporation was established on June 25, 1998. The first amendment was made on November 16, 1998. The second amendment was made on April 1, 1999. The third amendment was made on May 18, 1999. The fourth amendment was made on December 9, 1999. The fifth amendment was made on February 22, 2000. The sixth amendment was made on May 3, 2000. The seventh amendment was made on September 14, 2000. The eighth amendment was made on June 11, 2002. The ninth amendment was made on June 27, 2003. The tenth amendment was made on June 25, 2004. The eleventh amendment was made on June 26, 2006. The twelfth amendment was made on June 22, 2007. The thirteenth amendment was made on June 10, 2009. The fourteenth amendment was made on June 19, 2012. The fifteenth amendment was made on June 26, 2013. The sixteenth amendment was made on June 24, 2014. The seventeenth amendment was made on June 21, 2016.

PChome Online Inc.

Rules for Election of Directors and Supervisors

1. Purpose

The Rules are established to improve measures adopted in the Company's election of directors and supervisors.

2. Scope of application

The Company's election of directors and supervisors shall comply with the Rules.

3. Definition of terms

None

4. Related documents

None

5. Operating procedures

5.1 The Company's election of directors and supervisors shall be held at the shareholders' meeting.

5.2 The number of directors and supervisors of the Company is based on the number of directors and supervisors stipulated in the Company's Articles of Incorporation.

5.3 The Company holds the election of directors and supervisors at the shareholders' meeting and adopts the open-ballot, cumulative voting method. The shareholder number or attendance card numbers on the ballot may be used to replace the names of shareholders on the ballots. At the Company's election of directors and supervisors, each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or divided to vote for several persons.

5.4 Based on the number of seats set forth in the Articles of Incorporation, candidates who acquire more votes shall win the seats of directors and supervisors respectively. When two or more persons receive the same number of vote, thus exceeding the specified number of positions, such persons acquiring the same votes shall draw lots to decide who should win the seats, and the chairman shall draw lots on behalf of the candidate who is not present. A natural person cannot serve as a director and supervisor concurrently. When a person is elected as a director and a supervisor simultaneously, the person shall decide whether to serve as a director or a supervisor. The vacancy would be filled in by the candidate with the second highest number of votes in the election.

5.5 The Board of Director shall prepare the ballots in accordance with the shareholder account number or attendance card numbers and specify the number of voting rights.

5.6 The Company shall appoint several persons to check and record the ballots and carry out relevant tasks.

5.7 The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote-monitoring personnel before the voting commences.

5.8 If a candidate is a shareholder, the voter shall enter the candidate's account name and shareholder account number in the "candidate" column of the ballot. For a non-shareholder, the voter shall enter the candidate's full name and ID card number. However, when the candidate is a government organization or corporate shareholder, the name of the government organization or corporate

shareholder shall be entered in the column for the candidate's account name on the ballot, or both the name of the government organization or corporate shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each representative shall be entered.

- 5.9 Ballots shall be deemed void in any of the following circumstances:
 - 5.9.1 Ballots not in the ballot boxes.
 - 5.9.2 Ballots not prepared in accordance with the Rules.
 - 5.9.3 Blank ballots.
 - 5.9.4 3. Illegible writing.
 - 5.9.5 If the candidate is a shareholder, the name or shareholder account number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder, the name and ID card number of the candidate filled in the ballot does not match.
 - 5.9.6 Ballots with written characters or symbols in addition to candidate's name, shareholder account number or ID card number.
 - 5.9.7 Revise the number of voting rights on the ballot.
 - 5.9.8 The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or ID card number is provided in the ballot to identify such individual.
 - 5.9.9 The number that candidates filled in the ballot exceeds two or more.
- 5.10 The ballots shall be calculated right after the vote casting. The vote monitoring personnel shall monitor the procedure. The results of the election shall be announced by the chairman at the meeting.
- 5.11 The Company will issue notifications to elected directors and supervisors after the shareholders' meeting.
- 5.12 Any other matters not set forth in the Rules shall be subject to the Company Act and other applicable rules and regulations.
- 5.13 The Rules and any amendment hereto shall take effect after adoption by the shareholders' meeting.

PChome Online Inc. Shareholding of Directors and Supervisors

1. The Company's total number of shares issued as of the book closure date of this annual shareholders' meeting (April 15, 2018):
117,159,446 common shares
2. The minimum statutory shareholding of directors: 9,372,756 shares
The minimum statutory shareholding of supervisors: 937,276 shares
The number of shares held by all directors and supervisors on the register of shareholders as of the book closure date of this annual shareholders' meeting (April 15, 2018) has met the percentage requirement specified in Article 27 of the Securities and Exchange Act. Details are as follows.
3. Pursuant to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", if the Company has two or more independent directors, the shareholding percentage calculated at the rates set forth for all directors, excluding the independent directors, and supervisors shall be decreased by 20 percent.

Title	Name of Natural or Juristic Person	Appointment date	Term	Shareholding at the Time of Appointment		Shareholding at of the Book Closure Date	
				No. of Shares	Shareholding Percentage	No. of Shares	Shareholding Percentage
Chairman of the Board	Hung-Tze Jan	06.22.2015	3 years	1,262,926	1.45%	1,592,427	1.36%
Director	Yun Su	06.22.2015	3 years	559,331	0.64%	701,903	0.60%
Director	Kevin Tsai	06.22.2015	3 years	11,000	0.00%	1,461	0.00%
Director	Jerry Hsu	06.22.2015	3 years	0	0.00%	0	0.00%
Director	Site Inc.Representative: Vicky Tseng	06.22.2015	3 years	15,067,228	17.36%	18,907,864	16.14%
Director	Site Inc.Representative: Eric Chung	06.22.2015	3 years				
Independent Director	Chang-Sung Yu	06.22.2015	3 years	0	0%	0	0%
Independent Director	Shao-Hua Huang	06.22.2015	3 years	0	0%	0	0%
Shareholding of all directors						21,203,655	18.10%
Supervisor	Li-Zu Chen	06.22.2015	3 years	705,912	0.81%	824,010	0.76%
Supervisor	Hsin-I Wang	06.22.2015	3 years	666,321	0.77%	918,773	0.70%
Supervisor	Johnson Fong	06.22.2015	3 years	0	0%	0	0%
Shareholding of all supervisors						1,742,783	1.46%

The Impact of Stock Dividend Issuance on Business Performance, Earnings per Share, and Shareholder Return Rate: Not Applicable

Other Explanatory Items

Procedure regarding shareholder proposals of this shareholders' meeting

Explanation: 1. Pursuant to Article 172-1 of the Company Act, shareholders holding 1% or more of the total number of issued shares of a company may submit proposals in writing for discussion at annual shareholders' meeting. Each shareholder can submit only one proposal and the proposal shall be limited to 300 words.

2. Shareholders can submit proposals for 2018 annual shareholders' meeting from April 3, 2018, to April 16, 2018. Relevant information has been released in the Market Observation Post System website in accordance with relevant laws.

3. The Company did not receive any shareholder proposals.