

# PChome Online Inc.

## 2021 Annual Shareholders' Meeting

### Meeting Agenda (Translation)

Date: June 11, 2021

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

(Room 1002, Chang Yung-Fa Foundation International Convention  
Center)

## 【 Table of Contents 】

## Page Number

I.	Meeting Procedure	1
II.	Meeting Agenda	2
III.	Report Items	3
IV.	Ratification Items	4
V.	Discussion Items	6
VI.	Election Items	10
VII.	Other Matters	12
VIII.	Special Motions	13

## [Attachment]

I.	2020 Business Report	14
II.	Audit Committee's Review Report	18
III.	Actual Implementation of Repurchase of the Company's Shares	19
IV.	Method of Transfer of Repurchased Treasury Stock to Employees for the 1st Time in 2021	20
V.	2020 Independent Auditors' Report and Financial Statements	23

## [Appendices]

I.	Rules of Procedure for Shareholders' Meeting	38
II.	Articles of Incorporation	45
III.	Rules for Election of Directors	58
IV.	PChome Online Inc. Shareholding of Directors	61
V.	Other Explanatory Items	62

PChome Online Inc.

Procedure of 2021 Annual Shareholders' Meeting

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

PChome Online Inc.

Procedure of 2021 Annual Shareholders' Meeting

Time: June, 11st, 2021 (Friday), 9:00am

Location: No. 11, Zhongshan South Road, Zhongzheng District, Taipei City  
(Room 1002, Chang Yung-Fa Foundation International Convention Center)

- I. Call the meeting to order (announce the number of shares in attendance)
- II. Chairman's remarks
- III. Report items
  - (I) 2020 Business Report
  - (II) Audit Committee's review report on 2020 financial statements.
  - (III) To Report the 2020 distribution of employee compensation and remuneration to Directors
  - (IV) To Report the 2020 distribution of cash dividends from earnings
  - (V) Implementation of treasury stock to repurchase the Company's shares
- IV. Ratification items
  - (I) 2020 Business Report and Financial Statements
  - (II) 2020 Earnings Distribution
- V Discussion items: To issue common shares for cash capital increase through private placement and/or public issuance.
- VI. Election items
  - (I) To reelect nine Directors (including three independent Directors)
- VII. Other Proposals
  - (I) Waiver of non-competition clauses for newly elected Directors and their representatives.
- VIII. Special Motion
- IX. Meeting adjourned

## I. 2020 Business Report

Explanatory Notes: Please refer to Attachment I (Page 14 of this meeting agenda) for the Company's 2020 Business Report.

## II. Audit Committee's Review Report on the 2020 Financial Statements

Explanatory Notes:

Certified Public Accountants of KPMG, Chiang Chung-I and Wu Tsao-Jen, audited the Company's 2020 parent company only and consolidated financial statements. The Audit Committee reviewed the business report, earnings distribution table, and aforementioned financial statements with review report issued. Please refer to Attachment II (Page 18 of this meeting agenda) for details.

## III. To Report the 2020 Distribution of Employee Compensation and Remuneration to Directors

Explanatory Notes:

- (I) Proceed in accordance with Article 28 of the Articles of Incorporation.
- (II) In 2020, the Company distributed employee compensation of NT\$24,777,143 as cash bonus and remuneration to Director of NT\$2,781,108 as cash bonus were paid.
- (III) There is no difference between the above-mentioned employee remuneration and directors' remuneration distribution amount and the estimated amount of recognized expenses in the 2020.

## IV. To report the 2020 distribution of cash dividends from earnings

Explanatory Notes:

- (I) The Company distributed cash dividends of NT\$1.3 per share in 2020.
- (II) The Chairman would determine the record date for dividend payment and matters associated with the distribution of cash dividends. The amount of cash to be paid is calculated by the distribution percentage and rounded to the nearest dollar. For fractional dollar amount, adjustments are done to individual fractional amounts in descending order and by shareholders' account numbers in ascending order for the

total payment to equal the total amount of cash dividends to be paid.

- (III) If subsequent changes in capital lead to changes in the total number of outstanding shares and result in changes in dividend per share, the Chairman is authorized to handle relevant matters.

## V. Implementation of Treasury Stock to Repurchase the Company's Shares

Explanatory Notes:

- (I) Proceed in accordance with Article 28 of the Securities and Exchange Act.
- (II) Please refer to Attachment III (Page 19 of this meeting agenda) and Attachment IV (Page 20 of this meeting agenda) for the actual implementation of repurchase of the company's shares and the "Method of Transfer of Repurchased Treasury Stock to Employees for the 1st Time in 2021".

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Ratification items

Item 1 (Proposed by the Board of Directors)

Subject: 2020 Business Report and Financial Statements

Explanatory Notes:

- (I) The 2020 parent company only and consolidated financial statements of the Company were prepared and had been audited by Certified Public Accountants of KPMG, Chiang Chung-I and Wu Tsao-Jen with an independent auditors' report issued. The financial statements along with business report had been reviewed by the Audit Committee and approved in the Board of Directors' meeting.
- (II) Please refer to Attachment I and V (Pages 14 and 23 of this meeting agenda) for the 2020 business report, independent auditors' report and aforementioned financial statements.
- (III) Please ratify.

Resolution:

Item 2 (Proposed by the Board of Directors)

Subject: 2020 Earnings Distribution

Explanatory Notes:

The beginning balance in the Company's 2020 earnings distribution table was NT\$2,308,164. After adding net income of NT\$252,793,946 and other comprehensive income of NT\$6,699,231, adding disposal of equity instruments at fair value through other comprehensive income of NT\$24,300,000, and deducting 10% appropriated as legal reserve of NT\$28,379,318 and special reserve appropriated of NT\$40,168,089, the distributable earnings equaled NT\$217,553,934. The earnings distribution table is set out below.

PChome Online Inc.  
2020 Earnings Distribution Table

Unit: NT\$

Item	Amount	Total
Beginning balance		2,308,164
Add: Net income of 2020	252,793,946	
Add: Other comprehensive income	6,699,231	
Add: Disposal of equity instruments at fair value through other comprehensive income	24,300,000	
Less: 10% appropriated as legal reserve	(28,379,318)	
Less: Special reserve appropriated (Note 1)	(40,168,089)	
Distributable earnings		217,553,934
Less: Cash dividend		(153,737,280)
Unappropriated earnings, end of the period		63,816,654

Special reserve in Note 1 includes:

- (1) Due to the appreciation of NTD, the influence number of exchange rate evaluation on the foreign currency balance sheet of foreign subsidiaries is NT\$116,979,918
- (2) Cost method transferred to investment, and the appraiser's evaluation increased, resulting in a profit of NT\$76,811,829

Cash dividend per share in Note 2 is NT\$1.3

Chairman: Hung-Ize Jan

General Manager: Kevin Tsai

Chief Finance Officer: Leo Lu

Resolution:

Item 1 (Proposed by the Board of Directors)

Proposal: To issue common shares for cash capital increase through private placement and/or public issuance.

Explanatory Notes:

- (I) To respond to the demand for funds for strategic alliance development and enrich operating capital, the Company proposed to issue common shares for cash capital increase by private placement and/or public issuance, with the face value per share of NT\$10 under the limit of 21 million shares.
- (II) It is proposed that the annual meeting authorizes the Board of Directors to deal with it through one or more of the following methods and principles:
  - (a) In case of issuing common shares for cash capital increase by private placement: In accordance with Article 43-6 of the Securities and Exchange Act, a private placement of common shares should be conducted once a year from the date of the resolution of the annual meeting.
    1. Necessary reasons for private placement:
      - (1) Reasons for not taking public issuance: Subscribers' long-term cooperation relationship could be ensured in consideration of the timeliness and feasibility of fund raising and uncertainty of capital market and restrictions on the transfer of raised securities. Therefore, private placement was adopted for the issuance of common shares for cash capital increase.
      - (2) The limit of private placement: No more than 21 million common shares.
      - (3) Use of capital from private placement and expected benefits:

The capital from private placement were mainly used to support the capital required for the development of the e-commerce business (including but not limited to shift in investment), so as to expand the operation scope of e-commerce, strengthen the Company's competitiveness, increase the Company's profits effectively and improve shareholders' rights and interests. It yielded a positive effect on the Company's business operation.
    2. Basis and rationality for price determination:
      - (1) For determining the issuance price of the common shares, considering the restrictions on its transference, it is proposed that the price of the common shares shall not be less than 80% of the higher of the following two bases of price calculations:



- (a) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
  - (b) The simple average closing price of the common shares for the 30 business days before the price determination date, after adjustment for any distribution of shares or dividends or capital reduction.
- (2) The actual issuance price of the common stock price of this private placement shall be no less than 80% of the reference price as the basis for setting the private placement price.
  - (3) The private placement price calculation is based on the company's current operating performance, future prospects and recent stock prices, and considering the restrictions on the transfer of privately placed ordinary shares, and the pricing method described above is determined, which should be reasonable.

The pricing date, actual issuance price are proposed to authorize the Board to determine after taking into consideration the market status and aforementioned objective conditions.

- 3. The method of selecting specific individuals: Subject to Article 43-6 of the Securities and Exchange Act and related regulations. To recruit qualified strategic investors who are also able to strengthen the Company's operation, expand the Company's operation scope of e-commerce and strengthen the Company's technologies, capital or businesses required for competitiveness, the Board of Directors was to be authorized to review and approve the relevant qualification certificates. The purpose, necessity and expected benefits of the strategic investors who meet the aforementioned criteria of the specific persons are in response to the Company's long term developmental needs and to help the Company enhance its technology, improve quality, reduce cost, stabilize the source of supply of key components, enhance efficiency, and enlarge market share by using the strategic investors' funds, skills, know-how, brand or distribution channels.
- 4. In principle, the rights and obligations of the common shares of this private placement are the same as the Company's common shares that are already outstanding. In accordance with the Securities and Exchange Act, rest of common shares from private offering shall not be sold again within three years from the date of issuance, except under the transfer conditions stipulated in Article 43-8 of the

Securities and Exchange Act. Upon three years from the date of issuance, according to relevant regulations such as the Securities and Exchange Act, the common shares from private placement can be publicly issued or listed on exchange or OTC after the application to competent authority.

(b) Issuance of new shares for cash capital increase by public issuance:

In case of issuing new shares for domestic cash capital increase, it is proposed for the Annual Shareholders Meeting to authorize the Board of Directors to pass a resolution adopting book building or subscription.

1. In case of adopting book building: In accordance with the Article 267 of the Company Act, there shall be 10% to 15% of new shares reserved for subscription by employees of the Company. The remaining 85% to 90% of new shares shall, pursuant to the Article 28-1 of the Securities and Exchange Act, be publicly underwritten by book building. If subscription by employees is insufficient, the Chairman is authorized to negotiate with specific party (parties) for subscription based on the issued price. The issue price was subject to the Self-regulatory Rules on the Raising and Issuance of Negotiable Securities of Issuance Guidance Company for Underwriter Members, Taiwan Securities Association (hereinafter referred to as “the Self-regulatory Rules of Taiwan Securities Association”), and should be no less than 90% of the arithmetic average of the closing price from 1, 3, or 5 trading days prior to the ex-dividend date (decided by the Board) minus the stock grants (or capital reduction) and ex-dividend. It is proposed to authorize the Chairman to coordinate with the underwriter (s) of the public offering to determine the actual issue price upon the completion of book building period under the summary of book building situation the market condition.
2. In case of adopting the subscription method, in accordance with Article 267 of the Company Act, 10% to 15% of the new shares must be offered to employees. According to the Article 28-1 of the Securities and Exchange Act, It is proposed that 10% of the new shares to be sold to the public through the underwriter (s) and the remaining 75%~80% of the shares will be subscribed by existing shareholders in accordance with their proportion of shareholdings recorded in register of shareholders on subscription base date. If the subscription is less than one share or there is any insufficiency of the subscription, the Chairman shall be authorized to negotiate with the subscriber, so

that it could make subscription at the issue price. The exact market price was subject to Self-regulatory Rules of Taiwan Securities Association, and should be no less than 70% of the arithmetic average of the closing price from 1, 3 or 5 trading days prior to the ex-dividend date (decided by the Board) minus the stock grants (or capital reduction) and ex-dividend. The actual issue price and conditions of issuance are determined by the Chairman by considering the market conditions and discussions with the lead underwriter

(III) If the newly issued common shares are calculated based on the maximum limit of 21 million shares and calculated by the Company's common shares outstanding as of now, the highest dilution ratio to the original shareholders' equity is 15.08%. Considering that the raised capital are expected to be used for strategic alliance development or the enrichment of operating capital, the benefits of the proposed capital will be transferred to the shareholders' equity. Therefore, the proposed new shares will not cause significant dilution to the shareholders' equity.

(IV) Where changes to issue price (other than price-fixing ratio), conditions for issuance, method of issuance, and other matters are necessary due to changes in regulations, opinions from the competent authority or market conditions, it is proposed to authorize the Board of Directors to handle the matters with sole discretion.

To adopt the proposal for inquiries and discussions

## Item 1 (Proposed by the Board of Directors)

Subject: Election of Nine Directors (including three independent directors)

## Explanatory Notes:

- (I) The current directors of the Company were elected at the shareholders meeting on June 13, 2018, shall end their terms of office on June 12, 2021, and a re-election shall be held during the Annual Meeting of Shareholders on June 11, 2021.
- (II) According to Article 18 of the Articles of Association, 9 seats for Directors (including 3 seats for Independent Directors) shall be elected with the candidate nomination system in accordance with the "Director Election Measures" of the company.
- (III) The tenure of newly elected Directors commences on June 11, 2021, and expires on June 10, 2024, which is a term of 3 years. The tenure of the original director will expire at the end of the Annual Meeting of Shareholders this time.
- (IV) Please discuss.

## Director candidate

Acc.Or ID	Account name or name of representative	Education	Experience
1	Hung-Tze Jan	Department of Economics, National Taiwan University	Current Chairman of PChome Online Inc.
823	Kevin Tsai	ROYAL ROADS University MBA in Executive Management	Current Chief Executive Officer of PChome Online Inc.
F12544****	Bruce Chou	Department of Finance, National Taiwan University	Current Chief Investment Officer of PChome Online .
618	Vicky Tseng, the Corporate representative of Site Inc.	MS, Administrative studies – e-commerce, systems & technology, Boston University EMBA, Accounting, National Taiwan University	General Manager of PChome eBay Co., Ltd.

618	Johnson Fong, the Corporate representative of Site Inc.	Department of Industrial Management, National Taiwan University of Science and Technology	Assistant Vice President of Quanta Computer Inc.
618	Han Kun Ju, the Corporate representative of Site Inc.	Master of Science and Technology Law Group of EMBA Degree Program of Soochow University	Chief Operating Officer of Pi Mobile Technology Inc.

#### Independent director candidate

Account No. or No. of identity certificate	Account name or name of natural	Education	Experience
U12068****	T.H. Tung	Master of Communications and Control of National Taipei University of Technology, Taipei Tech Honorary Doctor of Engineering of National Taipei University of Technology, Taipei Tech	Chairman (i.e. Chief Executive Officer) of PEGATRON Corporation
D10116****	HOCHEN Tan	Master of Virginia State University	Director of Ministry of Transportation and Communications, Taiwan, China Chairman of Chunghwa Telecom Co., Ltd.
H22005****	Margaret Huang	Department of Tourism, Ming Chuan Commercial College	Chief Executive Officer of Leo Burnett Worldwide and President of Greater China

Election results:

## Item 1 (Proposed by the Board of Directors)

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

## Explanatory Notes:

- (I) According to Article 209 of the Company Law: "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval".
- (II) 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.
- (III) Please refer to the details of the part-time job of directors below. Please discuss.

## Resolution:

Director candidate	Proposal on the cancellation of part-time job restriction of Non-competition Restrictions
Hung-Tze Jan	Chairman of PCstore Inc., Eastern Online Co., Ltd., EOLEMBRAIN ONLINE MARKETING RESEARCH CO., LTD., PChome eBay Co., Ltd., Site Inc., PChome InterPay Inc., PC Home Online International Co. Ltd, (BVI), PC Home Online (Cayman) Inc., PC Home Online (HK) Ltd., eCommerce Group Co., Ltd. (BVI), EC Global Limited, PChome US Inc., PChome Marketplace Inc. (Cayman), PChome Holding Inc. (BVI), Linktel Inc., Payeasy Digital Integration Co., Ltd., PChome Japan KK,, PChome (Thailand)Co., Ltd., Pi Mobile Technology Inc., Miter Digital Innovation Co., Ltd., IT Home Publications Inc., Yun Tung Bao International Co., Ltd., PChome Financial Technology Inc., PChome Travel Inc., PChome Express Inc., Chunghwa PChome Fund 1 Co., Ltd, Keystone Innovation Venture Capital Co., Ltd., MIHO INTERNATIONAL COSMETIC CO., LTD., MITCH CO., LTD., PCHOME CBS Co., Ltd. , PuMa Co., Ltd. and PChome Bibian Inc Director of: CDIB Capital Innovation Advisors Corporation, Independent Director of Sinyi Realty Inc. Independent Director and Remuneration Committee member of ASMedia Technology Inc.; Independent Director, Remuneration Committee member, Audit Committee member of Lion Travel Service Co., Ltd.; funP Innovation Group, Rakuya International Info. Co., Ltd, PCHOME CB Co., Ltd., Ruten Global Inc.(Cayman) .,PCHOME CB PTE. LTD., Ruten Japan KK, .,BUSINESS NEXT MEDIA CORP., APUJAN LTD., ECOSMOS PTE. LTD
Kevin Tsai	Director of Linktel Inc., IT Home Publications Inc., Yun Tung Bao International Co., Ltd., Rakuya International Info. Co., Ltd. and PChome InterPay Inc.; Director and General Manager of Pi Mobile Technology Inc., PChome Travel Inc., PChome Express Inc., Chunghwa PChome Fund 1 Co., Ltd., Keystone Innovation Venture Capital Co., Ltd., Mitch Co., Ltd., PChomestore Inc., PChome

	Financial Technology Inc. , PCHOME CB Co., Ltd. 、 PC Home Online International Co.,(B.V.I.) 、 PC Home Online (Cayman) Inc 、 PChome Japan KK 、 PChome (Thailand)Co.,Ltd. 、 PChome US Inc.(President and CEO)PChome Marketplace Inc.(Cayman) CEO
Bruce Chou	Director of Junzhan Investment Co., Ltd. and supervisor of Mengjiong Investment Co., Ltd. And Linktel Inc.,
T.H. Tung the independent director	Chairman: PEGATRON Corporation (i.e. Chief Executive Officer), PEGAVISION, Jingshuo Investment Co., Ltd., Lumens Digital Optics Inc., Huawei Investment Co., Ltd., Huayu Investment Co., Ltd., Huaxu Investment Co., Ltd., RI-KUAN METAL CORPORATION, Aquamax Corporation and Fisfisa Media Director of KINSUS INTERCONNECT TECHNOLOGY CORP., Panqing Technology Co., Ltd., AZUREWAVE TECHNOLOGIES, INC., FuYang Technology Corporation, Chianyong Investment Co., Ltd., Asfly, Huawei Investment Co., Ltd., PEGA INTERNATIONAL LIMITED, Casetek Holdings Limited (Cayman), Pegatron Holding Ltd., Unihan Holding Ltd., Magnificent Brightness Limited, Casetek Holdings Ltd., Protek Global Holdings Ltd., Digitek Global Holdings Ltd., Kinsus Corp.(USA), Pegatron Holland Holding B.Y., AMA Holdings Ltd., Powtek Holdings Limited, Cotek Holdings Limited,Grand Upright Technology Ltd and Aslink Precision Co Ltd
Margaret Huang the independent director	Chief Executive Officer of Leo Burnett Worldwide and President of Greater China
Vicky Tseng, the Corporate representative of Site Inc.	Director and General Manager of PChome eBay Co., Ltd. Director of PCstore Inc., PChome Travel Inc., Chunghwa PChome Fund 1 Co., Ltd. Keystone Innovation Venture Capital Co., Ltd., PChome Financial Technology Inc. 、 IPEVO Corp. and Ruten Global Inc. (Cayman)
Han Kun Ju, the Corporate representative of Site Inc.	Chief Operation Officer of Pi Mobile Technology Inc.; Director of Yun Tung Bao International Co., Ltd., PChome InterPay Inc. and PChome Financial Technology Inc.; supervisor of PCHOME CB Co., Ltd., MIHO INTERNATIONAL COSMETIC CO., LTD. and MITCH CO., LTD.

Special Motions

Adjourn

## PChome Online Inc.

### 2020 Business Report

In 2020, the lives of people around the world was changed, the global supply chain was greatly affected, and enterprises were facing severer challenges. Even with unstable external environment, PChome (8044-tw) has always been committed to providing a full range of e-commerce services to create Everyday Reliable good customer experience. We actively expand One PChome internet ecosystem, and with an open attitude, we have launched innovative, convenient and secure e-commerce services for consumers across Taiwan. In the past year, we have been committed to optimizing APP benefits. The growth rate of new members on the mobile terminal has reached 50%, the number of APP downloads has exceeded 5 million, and the traffic from the mobile terminal has accounted for more than 60% of the whole site. In addition, the number of female consumers continues to surpass that of men, accounting for 60%, and the main customer base is also significantly younger. More than 60% of consumers are 25 to 44 years old. In the future, we will continue to launch Internet services that meet the needs of consumers by utilizing resources of ten million members and huge amounts of data.

In 2020, the consolidated operating income of PChome Online reached NT \$ 43.87 billion, representing a year-on-year growth of 12.8%, which was a record high in revenue for the past year. The first quarter profit was more than double that of the same period last year, and the consolidated net profit after tax in 2020 was NT \$ 220 million, representing a 55.9% growth over the previous year.

Operational highlights during the year are summarized as follows:

I. OMO integrates virtual and actual reality to expand the ONE PChome network ecosystem

By actively combining multi-party resources, we closely cooperate with the domestic telecom leader ChungHwa Telecom, and have established a joint venture, namely MiTCH fashion goods selection e-commerce, with Mitsui & Co., Ltd. of Japan to develop department store channels. We have also carried out offline cross-border art, cultural, religious activities, and launched Dajia Mazu greeting event. We actively innovate and seek changes. We have launched an



online pilgrimage area, live broadcasts and special exhibitions at the Taipei Fine Arts Museum, and held special exhibitions and lectures at the National Palace Museum. In terms of online financial layout, the Company continued to expand physical channels such as supermarkets, beverage outlets, supermarkets, chain restaurants, transportation vehicles, gas stations and other physical channels through Pi , expanded services to cover insurance, borrowings and beverage saving cups on so on for living purposes, thereby increasing user stickiness and transaction volume.

## II. Implement a diversified layout, promote the entry of well-known brands and the digital transformation of small and medium-sized enterprises

In the past year, consumers' lifestyles have undergone major changes. Consumer behavior has obviously shifted to virtual channels. Otaku economy has gradually become the mainstream of consumption. It has also attracted more brands to accelerate the layout of e-commerce channels. At present, more than 500 well-known brands provide direct supply from original factories with direct authorization. We also continue to maintain the leading position of 3C products in the entire market, and have launched the "PChomeX" high-quality goods selection service. Taking instant cuisine as the main development axis, we seize the new fashion market, and with the core concept of "improving quality and living a good life", we accelerate seizing the market share. At the same time, the number of micro-shops and individual sellers in our C2C trading market grew rapidly, giving rise to more transaction opportunities, and the trend for substantial transformation of physical stores to online operation has increased. PChomestore.Inc takes further investment and provides integrated solutions, works with local governments to launch a number-digit turnaround plan to help small and medium-sized enterprises develop e-commerce, and drive more than 120,000 stores to enter the market. We believe that the commercial street in 2020 will soon improve its profit target by reducing its speed by 84% from the previous year.

## III. Innovate smart warehousing, big data calculations and smart recommendation and application

Combining the Fashion AI technology of the Industrial Technology Research Institute to automatically recognize images, we have launched a precise product

recommendation strategy for apparel products. In addition, we also calculate more than 5 million products on the website in the huge daily traffic by using big data technology, and quickly find the most suitable product recommendations. Furthermore, we continue to refine various data calculations in the huge logistics structure to achieve stable and smooth delivery of each order, optimize the overall delivery quality, and develop large-scale warehousing operations to achieve the optimal storage of goods. In the future, we will continue to develop new smart warehousing systems and develop customized logistics services.

#### IV. Promote cross-border e-commerce and expand in East Asia

The Internet population in Southeast Asia is growing rapidly with great market potential. We are optimistic about the strong growth of e-commerce and set up PChomeSEA, a one-stop cross-border e-commerce service. We cooperate with leading e-commerce companies in the five countries of Thailand, Vietnam, Singapore, Malaysia and Indonesia in Southeast Asia, and allow Taiwan's small and medium-sized enterprises to reach the markets of five Southeast Asian countries. In addition, our subsidiary Bibian also cooperate with SGH Global Japan of SG Holdings Group to promote the BB Check out "buy on demand" service. By combining the advantages of Taiwanese and Japanese e-commerce, logistics and merchant resources, we allow consumers to easily purchase cross-border products. In the future, we hope to link Northeast and Southeast Asia through the Taiwan's geographic location. Through various e-commerce models, we will export Taiwan's high-quality products overseas, and enhance international reputation. We hope to create a symbiotic and mutually beneficial e-commerce ecosystem.

#### V. Fulfill corporate social responsibility and promote green e-commerce plans

Since 2019, we have comprehensively launched the green shopping plan and have been awarded the "Online Shopping Packaging Reduction Mark" certification by the Executive Yuan. We have launched a new environmentally friendly carton for the first time, emphasizing the production of 100% recycled pulp in primary colors, and also exclusively launched new easy-to-tear tapes. Adopting water-based acrylic environmental protection glue for the tape material, we continue to promote the four major aspects of "green shopping packaging, green shopping transportation, green shopping warehousing, and green shopping capital flow".

Meanwhile, we are the first large-scale integrated online shopping platform company in Taiwan to obtain "Carbon Label" from the Environmental Protection Department of the Executive Yuan. We practise environmental protection by exposing product carbon footprints and implementing carbon reduction plans. In 2020, we became the first e-commerce channel with green procurement in Taiwan. We work hard to contribute to environmental protection, comprehensively improve e-commerce services, and jointly participate in social sustainability work.

Looking forward to 2021, we will actively deepen various virtual and real integrated businesses, provide consumers with richer shopping choices, and promote more new technologies to be applied in smart warehousing and logistics services. We will focus on the digital transformation of small and medium-sized enterprises in Taiwan, accelerate the launch of Pi App integrated new capital flow service, quickly launch the overseas layout of cross-border e-commerce, and realize the business philosophy of local symbiosis and mutual benefit through e-commerce and online financial services to achieve long-term profit goals.

PChome Online Inc.

Chairman: Hung-Tze Jan



General Manager: Kevin Tsai



Chief Finance Officer Leo Lu



PChome Online Inc.  
Audit Committee's Review Report

Approval for

The Board of Directors has prepared the Company's parent company only and consolidated financial statements for 2020, which were audited by certified public accountants of KPMG, Chiang Chung-I and Wu Tsao-Jen. The aforementioned financial statements, along with 2020 Business Report and earnings distribution proposal, have been reviewed and determined to be correct by the Audit Committee. We hereby submit this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2021 Annual Shareholders' Meeting

Convener of the Audit Committee

Signature



2021/03/16

## PChome Online Inc.

## Actual Implementation of Repurchase of the Company's Shares

Term of repurchase	First time in 2021
Date of Board Resolution	Date: March 16, 2021
Purpose of repurchase	Transfer to Employees
Types of shares repurchased	Common stock
Scheduled period of shares repurchased	From March 17, 2021 Until May 16, 2021
Scheduled quantity of shares repurchased	1,500,000 shares
Price range of shares repurchased	NT\$60-110 per share
Actual period of shares repurchased	From March 17, 2021 Until May 5, 2021
Actual quantity of shares repurchased	1,230,000
Actual total amount of shares repurchased	NTD 108,253,999
Actual repurchase price per share	88.01
Number of Eliminated and Transferred Shares	0
Number of Not Yet Eliminated and Transferred Shares	1,230,000
Shares of the Company held accumulatively	1,230,000
Shares of the Company held accumulatively As a percentage of total issued shares	1.04%

## PChome Online Inc.

Method of Transfer of Repurchased Treasury Stock to Employees for  
the 1st Time in 2021

## Article 1: Purpose of Formulation

To motivate employees and deepen their loyalty, Measures for Share Repurchase and Transfer to Employees of the company are set forth in accordance with subparagraph 1 of paragraph 1 of Article 28-2 of the Securities and Exchange Act and “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by Financial Supervisory Commission.

The Company shall repurchase and transfer shares to employees in such a way that is specified by the Regulations, except stated otherwise by other relevant laws and regulations.

## Article 2: Types of stocks to be transferred; details on the rights and restrictions attached to those stocks

The stocks to be transferred to employees are common stocks, which carry the same rights and obligations as do those currently traded in the open market, except as the Measures or other relevant laws and regulations say otherwise.

## Article 3: Transfer Period

Repurchased shares shall be, in one or multiple times, transferred to employees within five years after the execution of the repurchase, as required by the Regulations.

## Article 4: Qualification of Transferee

Before the base date of subscription official employees who have served in the position or employees of domestic and foreign subsidiaries of which the Company directly or indirectly holds 50% voting shares with permission from the Board of Directors for special contribution shall enjoy the qualification of subscription based on the number of subscription in article 5 of this Method.

## Article 5: Transfer Procedures

The number of shares an employee can subscribe for is set out below according to the employee's grade, length of service and performance appraisal, etc.

- I. The list of the number of shares that employees can subscribe is recommended by the Human Resources unit and submitted to the Chairman for approval.
- II. Employees who have not paid for the subscription within the subscription payment period are viewed as giving up their rights to the subscriptions. The chairman of the board can inquire other employees on whether they would like to purchase the remaining subscriptions. In case of any more subscriptions, it shall be handled in accordance with Article 9.

Article 6: Procedure for the Repurchase of Stock and Transfer to Employees

- I. Upon the approval of Board of Director, the Company shall announce and report the repurchase its own shares within the period specified in the resolution.
- II. Employee stock subscription base date, the standard for the number of shares that can be subscribed; subscription period; rights and restrictions attached to the stocks, etc. Board authorizes the Chairperson to make and subsequently announce such decisions.
- III. The Company shall collect the shares that be actual paid and subscribed, and proceed the share transfer and registration process.

Article 7: Price Per Share Transferred

The transfer of repurchased shares to employees is based on the actual average repurchase price as the transfer price. Only when the issued common stock of the company increases or decreases before transfer, it shall be adjusted according to the increase or decrease ratio of the issued shares.

Adjustment formula for transfer price:

Transfer price after adjustment = actual average repurchase price per share \* (total number of common stock after completion of repurchase/total number of common stock before transfer of repurchased shares to employees)

Article 8: Rights and Obligations After the Transfer

The repurchased stocks, unless otherwise specified, shall carry the same rights and obligations as do the original stocks after the registration of the transfer is completed.

Article 9: Other matters relating to the rights and obligations of the Company and its employees

The treasury stock repurchased by the company for the purpose of transferring shares to employees shall be transferred in full within five years from the date of repurchase. If the shares are not transferred within the time limit, they shall be deemed as unissued shares of the company, and the registration for change of eliminating shares shall be handled in accordance with the law.

Article 10: Formulation and any amendments of the measures shall become effective upon resolution at the shareholders' meeting.

The Procedures was established on March 16, 2021.

Article 11: The Rules shall be submitted to the shareholders' meeting, and the same shall apply when amended.





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 financial statements of PChome Online Inc. (“the Company”), which comprise the statement of financial position as of December 31, 2020 and 2019, and the statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2020 and 2019, 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, 2020 and 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and 2019 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 Auditors' 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 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 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) and Note 6(t) 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.

### **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 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 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 auditor's 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 appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)  
February 25, 2021

#### **Notes to Readers**

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

The independent auditor's report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditor's report and parent company only 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, 2020 and 2019**  
(Expressed in Thousands of New Taiwan Dollars)

	2020.12.31		2019.12.31		2020.12.31		2019.12.31		
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>ASSETS</b>									
<b>Current Assets:</b>									
1100 Cash and cash equivalents (Note (6)(a))	\$	4,855,311	40	2,815,361	26	2100		390,000	4
1150 Notes receivable, net (Note (6)(c))		550	-	2	-	2130		265,842	2
1172 Accounts receivable (Notes (6)(c) and (7))		408,844	3	427,313	4	2150		145	-
1180 Accounts receivable due from related parties, net (Notes (6)(c) and (7))		253,396	2	360,536	3	2170		2,946,591	27
1175 Lease receivable (Notes (6)(c) and (7))		4,681	-	7,324	-	2200		565,433	6
1200 Other receivables, net (Notes (6)(c) and (7))		265,406	2	230,961	2	2230		61,243	-
1210 Other receivables due from related parties, net (Notes (6)(c) and (7))		-	-	190,000	2	2280		436,437	4
1220 Total current tax assets		-	-	8,392	-	2300		52,913	-
1300 Inventories (Note (6)(d))		1,774,524	14	1,684,880	15	2320		-	-
1476 Other current financial assets (Note (8))		60,976	1	60,976	1	2365		42,424	-
1479 Other current assets, others		67,894	1	60,028	1			5,489,006	45
1481 Current asset recognized as right to recover products from customers		39,072	-	34,869	-			-	-
		<b>7,730,654</b>	<b>63</b>	<b>5,880,642</b>	<b>54</b>			<b>1,470,300</b>	<b>12</b>
<b>Non-Current Assets:</b>									
1510 Non-current financial assets at fair value through profit or loss (Note (6)(m))		1,500	-	-	-	2541		-	-
1517 Non-current financial assets at fair value through other comprehensive income (Note (6)(b))		248,425	2	214,329	2	2580		1,647	-
1550 Investments accounted for using equity method (Note (6)(e))		1,294,335	11	1,384,399	13			1,980,169	16
1600 Property, plant and equipment (Note (6)(g))		389,790	3	440,998	4			4,450	-
1755 Right-of-use assets (Note (6)(h))		2,368,030	19	2,819,573	26			3,456,566	28
1780 Intangible assets (Note (6)(i))		34,120	-	44,812	-			8,945,572	73
1840 Deferred tax assets (Note (6)(p))		42,322	-	61,151	-			-	-
1975 Net defined benefit asset, non-current (Note (6)(o))		8,235	-	3,897	-	3110		1,182,595	9
1980 Other non-current financial assets (Note (8))		108,081	1	108,222	1	3200		1,938,916	16
1990 Other non-current assets, others		79,726	1	14,043	-			16,244	-
		<b>4,574,564</b>	<b>37</b>	<b>5,091,424</b>	<b>46</b>			286,101	2
						3350		(116,979)	(1)
						3410			
						3420			
						3491			
								76,811	1
								(24,042)	-
								3,359,646	27
								<b>12,305,218</b>	<b>100</b>
<b>Total assets</b>	<b>\$</b>	<b>12,305,218</b>	<b>100</b>	<b>10,972,066</b>	<b>100</b>			<b>10,972,066</b>	<b>100</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>									
<b>Current Liabilities:</b>									
Short-term borrowings (Note (6)(j))									
Current contract liabilities (Note (6)(k))		396,615	4						
Notes payable		143	-						
Accounts payable		3,755,000	31						
Other payables		744,231	6						
Current tax liabilities		61,243	-						
Current lease liabilities (Note (6)(n))		436,437	4						
Other current liabilities (Note (6)(k))		52,913	-						
Long-term liabilities, current portion (Note (6)(l))		-	-						
Current refund liabilities (Note (6)(k))		42,424	-						
		<b>5,489,006</b>	<b>45</b>					<b>37,562</b>	<b>-</b>
<b>Non-Current liabilities:</b>									
Total bonds payable (Note (6)(m))		1,470,300	12						
Long-term borrowings (Note (6)(l))		-	-						
Deferred tax liabilities (Note (6)(p))		1,647	-						
Non-current lease liabilities (Note (6)(n))		1,980,169	16						
Other non-current liabilities, others		4,450	-						
		<b>3,456,566</b>	<b>28</b>					<b>4,350</b>	<b>-</b>
		<b>8,945,572</b>	<b>73</b>					<b>3,121,735</b>	<b>28</b>
								<b>7,929,296</b>	<b>72</b>
<b>Equity (Note (6)(q)):</b>									
Share capital:									
Ordinary share									
Capital surplus		1,182,595	9						
Retained earnings:									
Legal reserve		16,244	-						
Unappropriated retained earnings		286,101	2						
Other equity interest:									
Exchange differences on translation of foreign financial statements		(116,979)	(1)						
Unrealized gains from financial assets measured at fair value through other comprehensive income		76,811	1						
Unearned compensation		(24,042)	-						
<b>Total equity</b>		<b>3,359,646</b>	<b>27</b>					<b>3,042,770</b>	<b>28</b>
<b>Total liabilities and equity</b>	<b>\$</b>	<b>12,305,218</b>	<b>100</b>	<b>10,972,066</b>	<b>100</b>			<b>10,972,066</b>	<b>100</b>

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
PCHOME ONLINE INC.

STATEMENTS OF COMPREHENSIVE INCOME  
For the Years Ended December 31, 2020 and 2019  
(Expressed in Thousands of New Taiwan Dollars)

	2020		2019	
	Amount	%	Amount	%
4111 Sales revenue	\$ 42,288,831	101	36,816,018	101
4170 Less: Sales returns	615,867	1	507,603	1
<b>Operating revenue, net (Notes (6)(t) and (7))</b>	<b>41,672,964</b>	<b>100</b>	<b>36,308,415</b>	<b>100</b>
5000 <b>Operating costs (Notes (6)(d) and (7))</b>	<b>36,656,100</b>	<b>88</b>	<b>31,997,459</b>	<b>88</b>
<b>Gross profit from operations</b>	<b>5,016,864</b>	<b>12</b>	<b>4,310,956</b>	<b>12</b>
<b>Operating expenses:</b>				
6100 Selling expenses	3,843,240	9	3,365,672	9
6200 Administrative expenses	247,866	-	193,646	1
6300 Research and development expenses	335,889	1	320,367	1
6450 Expected credit loss (Note (6)(c))	341	-	4,007	-
<b>Total operating expenses</b>	<b>4,427,336</b>	<b>10</b>	<b>3,883,692</b>	<b>11</b>
6500 <b>Net other income</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>-</b>
<b>Net operating income</b>	<b>589,528</b>	<b>2</b>	<b>427,285</b>	<b>1</b>
<b>Non-operating income and expenses (Note (6)(v)):</b>				
7100 Interest income	6,098	-	13,330	-
7010 Other income	58,297	-	24,235	-
7020 Other gains and losses, net	(11,003)	-	404	-
7050 Finance costs	(42,784)	-	(49,926)	-
7060 Share of loss of associates and joint ventures accounted for using equity method, net	(266,511)	(1)	(202,856)	(1)
<b>Total non-operating income and expenses</b>	<b>(255,903)</b>	<b>(1)</b>	<b>(214,813)</b>	<b>(1)</b>
<b>Profit before tax</b>	<b>333,625</b>	<b>1</b>	<b>212,472</b>	<b>-</b>
7950 <b>Less: Tax expense (Note (6)(p))</b>	<b>80,831</b>	<b>-</b>	<b>50,035</b>	<b>-</b>
<b>Profit</b>	<b>252,794</b>	<b>1</b>	<b>162,437</b>	<b>-</b>
<b>Other comprehensive income:</b>				
8310 <b>Items that may not be reclassified subsequently to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans (Note (6)(o))	3,188	-	(473)	-
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	28,086	-	39,487	-
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	4,149	-	(334)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(p))	(638)	-	95	-
<b>Items that may not be reclassified subsequently to profit or loss</b>	<b>34,785</b>	<b>-</b>	<b>38,775</b>	<b>-</b>
8360 <b>Items that may be reclassified subsequently to profit or loss</b>				
8361 Exchange differences on translation	(92,154)	-	(36,349)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>(92,154)</b>	<b>-</b>	<b>(36,349)</b>	<b>-</b>
<b>Other comprehensive income, net of tax</b>	<b>(57,369)</b>	<b>-</b>	<b>2,426</b>	<b>-</b>
8500 <b>Total comprehensive income</b>	<b>\$ 195,425</b>	<b>1</b>	<b>164,863</b>	<b>-</b>
<b>Earnings per share (Note (6)(s))</b>				
9750 <b>Basic earnings per share (NT dollars)</b>	<b>\$ 2.16</b>		<b>1.39</b>	
9850 <b>Diluted earnings per share (NT dollars)</b>	<b>\$ 1.93</b>		<b>1.39</b>	

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
 REVIEWED ONLY. NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS  
**PCHOME ONLINE INC.**

**STATEMENTS OF CHANGES IN EQUITY**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Share capital				Retained Earnings			Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Other Equity Interest (losses) from financial assets measured at fair value through other comprehensive income	Unearned Employee Compensation	Total Equity
	Ordinary Capital	Capital Surplus	Legal Reserve	Special Reserve	Special Reserve	Legal Reserve	Unappropriated Retained Earnings					
<b>Balance at January 1, 2019</b>	\$ 1,171,595	2,507,423	408,184	4,120	4,120	(1,202,651)	11,524	33,538	-	2,933,733		
Profit for the year ended December 31, 2019	-	-	-	-	-	162,437	-	-	-	162,437		
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	(712)	(36,349)	39,487	-	2,426		
<b>Total comprehensive income (loss) for the year ended December 31, 2019</b>	-	-	-	-	-	161,725	(36,349)	39,487	-	164,863		
Appropriation and distribution of retained earnings:												
Legal reserve used to offset accumulated deficits	-	-	(408,184)	-	-	408,184	-	-	-	-		
Special reserve used to offset accumulated deficits	-	-	-	(4,120)	4,120	-	-	-	-	-		
Capital surplus used to offset accumulated deficits	-	(790,347)	-	-	790,347	-	-	-	-	-		
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(61,161)	-	-	-	-	(61,161)		
Changes in ownership interests in subsidiaries	-	5,335	-	-	-	-	-	-	-	5,335		
<b>Balance at December 31, 2019</b>	\$ 1,171,595	1,722,411	-	-	100,564	252,794	(24,825)	73,025	-	3,042,770		
Profit for the year ended December 31, 2020	-	-	-	-	6,699	-	(92,154)	28,086	-	252,794		
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	259,493	-	(92,154)	28,086	-	(57,369)		
<b>Total comprehensive income (loss) for the year ended December 31, 2020</b>	-	-	-	-	259,493	-	(92,154)	28,086	-	195,425		
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	16,244	-	-	(16,244)	-	-	-	-		
Cash dividends of ordinary share	-	-	-	-	(82,012)	-	-	-	-	(82,012)		
Issuance of convertible bonds	-	141,121	-	-	-	-	-	-	-	141,121		
Changes in ownership interests in subsidiaries	-	58,331	-	-	-	-	-	-	-	58,331		
Share-based payment transactions	11,000	17,053	-	-	-	-	-	-	(24,042)	4,011		
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	24,300	-	-	(24,300)	-	-		
<b>Balance at December 31, 2020</b>	\$ 1,182,595	1,938,916	16,244	-	286,101	286,101	(116,979)	76,811	(24,042)	3,359,646		

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
PCHOME ONLINE INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 333,625	212,472
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	591,504	610,497
Amortization expense	25,274	23,101
Expected credit loss	341	4,007
Net loss on financial assets or liabilities at fair value through profit or loss	1,650	-
Interest expense	42,784	49,926
Interest income	(6,098)	(13,330)
Dividend income	(8,495)	(5,263)
Share-based payments transactions	4,011	-
Share of loss of associates and joint ventures accounted for using equity method	266,511	202,856
Gain on disposal of property, plant and equipment	(552)	(1)
Loss on disposal of investments	9,099	-
<b>Total adjustments to reconcile profit</b>	<u>926,029</u>	<u>871,793</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes receivable	(548)	90
Accounts receivable	125,268	(149,536)
Lease receivable	3,017	2,947
Other receivables	163,963	695,429
Inventories	(89,644)	(435,286)
Other financial assets	141	23,650
Other current assets	(7,866)	(2,644)
Net defined benefit assets	(1,150)	(1,142)
Current asset recognized as right to recover products from customers	(4,203)	(5,448)
<b>Total changes in operating assets</b>	<u>188,978</u>	<u>128,060</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	130,773	12,479
Notes payable	(2)	(153)
Accounts payable	808,409	254,236
Other payable	169,045	36,276
Other current liabilities	45,550	2,380
Current refund liabilities	4,862	5,619
Other non-current liabilities	101	4,300
<b>Total changes in operating liabilities</b>	<u>1,158,738</u>	<u>315,137</u>
<b>Total changes in operating assets and liabilities</b>	<u>1,347,716</u>	<u>443,197</u>
<b>Total adjustments</b>	<u>2,273,745</u>	<u>1,314,990</u>
Cash flow generated from operations	2,607,370	1,527,462
Interest received	6,081	13,943
Dividends received	8,495	-
Interest paid	(41,159)	(49,880)
Income taxes paid	(53,606)	(38,525)
<b>Net cash flows from operating activities</b>	<u>2,527,181</u>	<u>1,453,000</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(15,985)	(85,000)
Acquisition of investments accounted for using equity method	(205,246)	(960,240)
Proceeds from capital reduction of investments accounted for using equity method	-	70,000
Acquisition of property, plant and equipment	(79,638)	(145,741)
Proceeds from disposal of property, plant and equipment	6,125	4
Acquisition of intangible assets	(19,034)	(40,562)
Other non-current assets	(65,683)	6,350
<b>Net cash flows used in investing activities</b>	<u>(379,461)</u>	<u>(1,155,189)</u>
<b>Cash flows from financing activities:</b>		
Short-term borrowings	(390,000)	390,000
Proceeds from issuing bonds	1,605,790	-
Repayments of long-term borrowings	(800,000)	(100,000)
Payment of lease liabilities	(441,548)	(454,836)
Cash dividends paid	(82,012)	-
<b>Net cash flows used in from financing activities</b>	<u>(107,770)</u>	<u>(164,836)</u>
<b>Net increase in cash and cash equivalents</b>	<u>2,039,950</u>	<u>132,975</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>2,815,361</u>	<u>2,682,386</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 4,855,311</u>	<u>2,815,361</u>

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

## Representation Letter

The entities that are required to be included in the combined financial statements of PChome Online Inc. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, PChome Online Inc. and its Subsidiaries do not prepare a separate set of combined financial statements.

Company Name: PChome Online Inc.

Chairman: Hung-Tze Jan

Date: February 25, 2021





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 consolidated financial statements of PChome Online Inc. and subsidiaries (“the Group”), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

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

#### 1. Revenue recognition

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

#### Key Audit Matters Explanation:

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



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.

### **Other Matter**

PChome Online Inc. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unqualified opinion with emphasis of matter and an unqualified opinion, respectively.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
February 25, 2021

#### Notes to Readers

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

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

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**December 31, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

	2020.12.31		2019.12.31		2020.12.31		2019.12.31		
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>ASSETS</b>									
<b>Current Assets:</b>									
1100 Cash and cash equivalents (Note (6)(a))	\$ 8,147,763	50	6,869,004	45	2100	\$ 500,000	3	540,000	4
1110 Current financial assets at fair value through profit or loss (Note (6)(b))	33,568	-	21,616	-	2130	554,103	3	421,921	3
1150 Notes receivable, net (Note (6)(d))	550	-	374	-	2150	2,099	-	611	-
1170 Accounts receivable, net (Notes (6)(d) and (7))	497,242	3	510,780	3	2170	3,866,869	24	3,059,218	20
1196 Lease receivables (Notes (6)(d) and (7))	4,681	-	7,324	-	2200	908,483	6	779,096	5
1200 Other receivables, net (Notes (6)(d) and (7))	1,361,315	8	1,161,043	8	2230	69,416	-	88,679	-
1300 Inventories (Note (6)(e))	1,806,418	11	1,685,147	11	2280	500,102	3	503,193	3
1416 Net defined benefit asset, current (Note (6)(q))	3,218	-	-	-	2300	402,264	2	546,107	4
1476 Other current financial assets (Note (8))	489,608	3	523,165	3	2320	200,000	1	250,000	2
1479 Other current assets, others	261,158	2	231,159	2	2335	1,408,473	9	1,605,363	10
1481 Current asset recognized as right to recover products from customers	39,608	-	35,583	-	2365	42,999	-	38,326	-
	<u>12,643,129</u>	<u>77</u>	<u>11,045,195</u>	<u>72</u>		<u>8,454,808</u>	<u>51</u>	<u>7,832,514</u>	<u>51</u>
<b>Non-Current Assets:</b>									
1510 Non-current financial assets at fair value through profit or loss (Note (6)(b))	68,245	-	36,983	-	2530	1,470,300	9	-	-
1517 Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	248,425	2	214,329	2	2570	425,000	3	1,150,000	8
1550 Investments accounted for using equity method (Note (6)(f))	34,432	-	37,488	-	2580	1,651	-	779	-
1600 Property, plant and equipment (Note (6)(i))	569,790	3	584,976	4	2670	2,018,307	12	2,495,611	16
1755 Right-of-use assets (Note (6)(j))	2,468,896	15	2,959,490	20		2,337	-	6,896	-
1780 Intangible assets (Note (6)(k))	141,516	1	153,710	1		5,324	-	4,863	-
1840 Deferred tax assets (Note (6)(r))	44,129	-	62,953	-		3,922,919	24	3,638,149	24
1975 Net defined benefit asset, non-current (Note (6)(q))	8,234	-	3,897	-		12,377,727	75	11,490,663	75
1980 Other non-current financial assets (Note (8))	149,592	1	142,541	1		1,182,595	7	1,171,595	8
1990 Other non-current assets, others	83,341	1	16,185	-	3110	1,938,916	12	1,722,411	11
	<u>3,816,600</u>	<u>23</u>	<u>4,212,552</u>	<u>28</u>	3200	<u>16,244</u>	<u>-</u>	<u>100,564</u>	<u>1</u>
						<u>286,101</u>	<u>2</u>	<u>(24,825)</u>	<u>-</u>
						<u>(116,979)</u>	<u>(1)</u>	<u>(24,825)</u>	<u>-</u>
						<u>76,811</u>	<u>1</u>	<u>73,025</u>	<u>-</u>
						<u>(24,042)</u>	<u>-</u>	<u>-</u>	<u>-</u>
						<u>(64,210)</u>	<u>-</u>	<u>48,200</u>	<u>-</u>
						<u>3,359,646</u>	<u>21</u>	<u>3,042,770</u>	<u>20</u>
						<u>724,356</u>	<u>4</u>	<u>724,314</u>	<u>5</u>
						<u>4,084,002</u>	<u>25</u>	<u>3,767,084</u>	<u>25</u>
<b>Total assets</b>	<u>\$ 16,461,729</u>	<u>100</u>	<u>15,257,747</u>	<u>100</u>		<u>\$ 16,461,729</u>	<u>100</u>	<u>15,257,747</u>	<u>100</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>									
<b>Current Liabilities:</b>									
Short-term borrowings (Note (6)(l))									
Current contract liabilities (Note (6)(m))									
Notes payable									
Accounts payable									
Other payables (Note (7))									
Current tax liabilities									
Current lease liabilities (Note (6)(p))									
Other current liabilities (Note (6)(m))									
Long-term liabilities, current portion (Note (6)(n))									
Receipts under custody (Note (6)(m))									
Current refund liabilities (Note (6)(m))									
<b>Non-Current liabilities:</b>									
Total bonds payable (Note (6)(o))									
Long-term borrowings (Note (6)(n))									
Deferred tax liabilities (Note (6)(r))									
Non-current lease liabilities (Note (6)(p))									
Net defined benefit liability, non-current (Note (6)(q))									
Other non-current liabilities, others									
<b>Total liabilities</b>									
<b>Equity attributable to owners of parent (Note (6)(s)):</b>									
Share capital:									
Ordinary share									
Capital surplus									
Retained earnings:									
Legal reserve									
Unappropriated retained earnings									
Other equity interest:									
Exchange differences on translation of foreign financial statements									
Unrealized gains from financial assets measured at fair value through other comprehensive income									
Other equity, unearned compensation									
<b>Total equity attributable to owners of parent:</b>									
<b>Non-controlling interests (Notes 6(h) and 6(s))</b>									
<b>Total equity</b>									
<b>Total liabilities and equity</b>									

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

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020		2019	
		Amount	%	Amount	%
4111	Sales revenue	\$ 44,500,172	101	39,399,835	101
4170	Less: Sales returns	630,320	1	516,255	1
	<b>Operating revenue, net (Note (6)(v))</b>	<b>43,869,852</b>	<b>100</b>	<b>38,883,580</b>	<b>100</b>
5000	<b>Operating costs (Note (6)(e))</b>	<b>38,875,441</b>	<b>89</b>	<b>34,293,972</b>	<b>88</b>
	<b>Gross profit from operations</b>	<b>4,994,411</b>	<b>11</b>	<b>4,589,608</b>	<b>12</b>
	<b>Operating expenses:</b>				
6100	Selling expenses	3,715,350	8	3,457,974	10
6200	Administrative expenses	431,417	1	368,376	1
6300	Research and development expenses	530,804	1	484,580	1
6450	Expected credit loss (Note (6)(d))	552	-	810	-
	<b>Total operating expenses</b>	<b>4,678,123</b>	<b>10</b>	<b>4,311,740</b>	<b>12</b>
6500	<b>Net other income</b>	<b>16</b>	<b>-</b>	<b>48</b>	<b>-</b>
	<b>Net operating income</b>	<b>316,304</b>	<b>1</b>	<b>277,916</b>	<b>-</b>
	<b>Non-operating income and expenses (Note (6)(x)):</b>				
7100	Interest income	10,921	-	12,075	-
7010	Other income	57,203	-	25,365	-
7020	Other gains and losses, net	(8,210)	-	(1,695)	-
7050	Finance costs	(54,742)	-	(64,113)	-
7060	Share of loss of associates and joint ventures accounted for using equity method, net	(17,108)	-	(17,533)	-
	<b>Total non-operating income and expenses</b>	<b>(11,936)</b>	<b>-</b>	<b>(45,901)</b>	<b>-</b>
	<b>Profit from continuing operations before tax</b>	<b>304,368</b>	<b>1</b>	<b>232,015</b>	<b>-</b>
7950	<b>Less: Tax expense (Note (6)(r))</b>	<b>83,494</b>	<b>-</b>	<b>90,321</b>	<b>-</b>
	<b>Profit</b>	<b>220,874</b>	<b>1</b>	<b>141,694</b>	<b>-</b>
	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>				
8311	Losses on remeasurements of defined benefit plans (Note (6)(q))	9,064	-	(896)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss)	28,086	-	39,487	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(r))	(1,813)	-	179	-
	<b>Items that may not be reclassified subsequently to profit or loss</b>	<b>35,337</b>	<b>-</b>	<b>38,770</b>	<b>-</b>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation	(93,767)	-	(41,296)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Items that may be reclassified subsequently to profit or loss</b>	<b>(93,767)</b>	<b>-</b>	<b>(41,296)</b>	<b>-</b>
	<b>Other comprehensive income (loss), net of tax</b>	<b>(58,430)</b>	<b>-</b>	<b>(2,526)</b>	<b>-</b>
8500	<b>Total comprehensive income</b>	<b>\$ 162,444</b>	<b>1</b>	<b>139,168</b>	<b>-</b>
	<b>Profit (loss), attributable to:</b>				
8610	Profit, attributable to owners of parent	\$ 252,794	1	162,437	-
8620	Loss, attributable to non-controlling interests	(31,920)	-	(20,743)	-
		<b>\$ 220,874</b>	<b>1</b>	<b>141,694</b>	<b>-</b>
	<b>Comprehensive income attributable to:</b>				
8710	Comprehensive income, attributable to owners of parent	\$ 195,425	1	164,863	-
8720	Comprehensive loss, attributable to non-controlling interests	(32,981)	-	(25,695)	-
		<b>\$ 162,444</b>	<b>1</b>	<b>139,168</b>	<b>-</b>
	<b>Earnings per share (Note (6)(u))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	<b>\$ 2.16</b>		<b>1.39</b>	
9850	<b>Diluted earnings per share (NT dollars)</b>	<b>\$ 1.93</b>		<b>1.39</b>	

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

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of Parent						Other Equity Interest		Total Equity	
	Share capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned Employee Compensation		Non-Controlling Interests
<b>Balance at January 1, 2019</b>	1,171,595	2,507,423	408,184	4,120	(1,202,651)	11,524	33,538	-	489,811	3,423,544
Profit (loss) for the year ended December 31, 2019	-	-	-	-	162,437	-	-	-	(20,743)	141,694
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(712)	(36,349)	39,487	-	(4,952)	(2,526)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	161,725	(36,349)	39,487	-	(25,695)	139,168
Appropriation and distribution of retained earnings:										
Legal reserve used to offset accumulated deficits	-	-	(408,184)	-	408,184	-	-	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(4,120)	4,120	-	-	-	-	-
Capital surplus used to offset accumulated deficits	-	(790,347)	-	-	790,347	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(61,161)	-	-	-	61,161	-
Changes in ownership interests in subsidiaries	-	5,335	-	-	-	-	-	-	31,037	36,372
Changes in non-controlling interests	-	-	-	-	-	-	-	-	168,000	168,000
<b>Balance at December 31, 2019</b>	1,171,595	1,722,411	-	-	100,564	(24,825)	73,025	-	724,314	3,767,084
Profit (loss) for the year ended December 31, 2020	-	-	-	-	252,794	-	-	-	(31,920)	220,874
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	6,699	(92,154)	28,086	-	(1,061)	(58,430)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	259,493	(92,154)	28,086	-	(32,981)	162,444
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	16,244	-	(16,244)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(82,012)	-	-	-	-	(82,012)
Issuance of convertible bonds	-	141,121	-	-	-	-	-	-	-	141,121
Changes in ownership interests in subsidiaries	-	58,331	-	-	-	-	-	-	17,740	76,071
Share-based payment transactions	-	17,053	-	-	-	-	-	(24,042)	-	4,011
Changes in non-controlling interests	-	-	-	-	-	-	-	-	15,283	15,283
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	24,300	-	(24,300)	-	-	-
<b>Balance at December 31, 2020</b>	1,182,595	1,938,916	16,244	-	286,101	(116,979)	76,811	(24,042)	724,356	4,084,002

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

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

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 304,368	232,015
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	712,019	705,094
Amortization expense	29,262	25,898
Expected credit loss	552	810
Net gain on financial assets at fair value through profit or loss	(5,476)	-
Interest expense	54,742	64,113
Interest income	(10,921)	(12,075)
Dividend income	(8,495)	(5,263)
Share-based payment transactions	5,434	191
Share of loss of associates and joint ventures accounted for using equity method	17,108	17,533
Loss (gain) on disposal of property, plant and equipment	383	(360)
Loss on disposal of investments accounted for using equity method	10,800	-
Gain on lease modification	(16)	-
<b>Total adjustments to reconcile profit</b>	<u>805,392</u>	<u>795,941</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes receivable	(176)	(262)
Accounts receivable	12,986	123,101
Lease receivable	3,017	3,173
Other receivables	(200,233)	(434,986)
Inventories	(121,271)	(434,322)
Other current assets	(29,999)	(17,550)
Other financial assets	33,557	4,932
Current asset recognized as right to recover products from customers	(4,025)	(5,625)
<b>Total changes in operating assets</b>	<u>(306,144)</u>	<u>(761,539)</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	132,182	22,213
Notes payable	1,488	(162)
Accounts payable	807,651	262,937
Other payable	123,321	50,754
Receipts under custody	(196,890)	(282,595)
Other current liabilities	(143,843)	445,410
Net defined benefit liabilities	(3,602)	(704)
Current refund liabilities	4,673	5,816
Other non-current liabilities	461	(5,810)
<b>Total changes in operating liabilities</b>	<u>725,441</u>	<u>497,859</u>
<b>Total changes in operating assets and liabilities</b>	<u>419,297</u>	<u>(263,680)</u>
<b>Total adjustments</b>	<u>1,224,689</u>	<u>532,261</u>
Cash flow generated from operations	1,529,057	764,276
Interest received	10,883	12,690
Dividends received	8,495	5,263
Interest paid	(51,084)	(64,218)
Income taxes paid	(84,874)	(43,043)
<b>Net cash flows from operating activities</b>	<u>1,412,477</u>	<u>674,968</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(15,985)	(85,000)
Acquisition of financial assets designated at fair value through profit or loss	(34,588)	(58,599)
Acquisition of investments accounted for using equity method	-	(27,460)
Net cash flow from acquisition of subsidiaries	-	(99,938)
Acquisition of property, plant and equipment	(180,314)	(230,791)
Proceeds from disposal of property, plant and equipment	8,844	-
(Increase) decrease in refundable deposits	(7,051)	2,270
Acquisition of intangible assets	(21,570)	(48,796)
Other non-current assets	(67,156)	(458)
<b>Net cash flows used in investing activities</b>	<u>(317,820)</u>	<u>(548,772)</u>
<b>Cash flows from financing activities:</b>		
Short-term borrowings	(40,000)	340,000
Proceeds from issuing bonds	1,605,790	-
Long-term borrowings	125,000	-
Repayments of long-term borrowings	(900,000)	(150,000)
Payment of lease liabilities	(508,274)	(492,182)
Cash dividends paid	(82,012)	-
Change in non-controlling interests	15,283	168,000
<b>Net cash flows from (used in) financing activities</b>	<u>215,787</u>	<u>(134,182)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(31,685)</u>	<u>(4,172)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,278,759	(12,158)
<b>Cash and cash equivalents at beginning of period</b>	6,869,004	6,881,162
<b>Cash and cash equivalents at end of period</b>	<u>\$ 8,147,763</u>	<u>6,869,004</u>

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

## 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 relevant laws and regulations to be complied with.

#### 2. Scope of application

The Rules are 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") if convened by the Board. If the Chairman is on leave or is 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.

When a managing Director or a Director serves as Chairman as referred to in the preceding paragraph, the managing Director or the Director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person Director that serves as Chairman.



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. 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. Relevant proposals (including special motions and amendments to the original proposals) shall be resolved by voting on a proposal-by-proposal basis. 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.

5.3.5 If the Chairman announces the adjournment in violation of the Rules, the attending shareholders shall elect one person to preside the meeting with the consent of the majority of voting rights represented by the attending shareholders to continue the meeting.

5.3.6 Election or discharge of Directors and Supervisors; amendments to Articles of Incorporation; capital deduction; application to terminate the public offering of the shares; release of the Directors from non-compete restrictions; capital increase from earnings or reserve; dissolution; merger or spin-off of the Company or matters set out in subparagraphs under Paragraph 1, Article 185 of the Company Act shall be stated in the notice of a general meeting, with a summary of the major content to be discussed. They shall not be proposed as special motions. The summary of major content shall be disclosed at websites designated by the

competent authorities or Company and the websites shall be clearly stated in the meeting notice.

- 5.3.7 Where the reasons to convene the shareholders' meeting has specified the re-election of Directors and Supervisors as well as the on-board dates, after the election in the shareholders' meeting, the on-board date cannot be changed via a special motion or other means in the same meeting.
- 5.3.8 Shareholders holding 1% or more of the total number of issued shares may submit to the Company a written proposal for discussion at annual shareholders' meeting, provided that only one matter shall be allowed in each single proposal. If the purpose of the proposal is to urge the Company to promote public interests or fulfil its social responsibilities, the Board may include such proposal in the agenda. If the shareholders' proposals contain circumstances set out in Paragraph 4, Article 172-1 of the Company Act, the Board of Directors may not include the proposals in the agenda.
- 5.3.9 Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, in written or electronic method, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
- 5.3.10 Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
- 5.3.11 Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.
- 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 completing the registration procedures. The Company shall not arbitrarily request additional supporting documents as identification documents for the attendance of shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. The attendance and voting at the shareholders' meeting shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book or attendance cards handed in and the number of shares with voting rights exercised by correspondence or electronic means.

5.5 The chairman shall call the meeting to order at the scheduled time. When the majority of the total number of issued shares is 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 the 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. He/she shall also allow ample time for voting.
- 5.8 Voting on proposals
- 5.8.1 When the Company convenes a shareholders' meeting, voting rights may be exercised by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the methods of exercise shall be clearly indicated in the shareholders' meeting notice. Shareholders exercising their voting rights by correspondence or electronic means are deemed as attending the shareholders' meeting in person. They are, however, deemed as waiving their rights on special motions or amendments to the original proposals of that shareholders' meeting. Thus, the Company is advised not to raise special motions or make amendments to the original proposals. A shareholder intending to

exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, this restriction does not apply when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised shall be made known to the Company two days before the date of the shareholders' meeting, by the same means by which the voting rights were exercised.

- 5.8.2 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.
- 5.8.3 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. When voting, the Chairman or designated person shall announce the total number of voting rights represented by attending shareholders proposal-by-proposal before shareholders cast their votes proposal-by-proposal. The number of votes for, against and abstained shall be released in the Market Observation Post System website on the same day as the shareholders' meeting.
- 5.8.4 In the event that an amendment or a substitute comes out of the same issue, the chairperson shall fix the order of balloting in consolidation with the original issue. 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. The number of shares for which voting rights may not be exercised under

the preceding paragraph shall not be calculated as part of the voting rights represented by attending 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. If, however, a shareholder files a lawsuit based on Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.
- 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. If force majeure events occur, the chairman may decide to temporarily suspend the meeting and announce the time to resume the meeting depending on the situation. If the meeting venue becomes unavailable before meeting agenda (including special motions) has been completed, another venue can be used to resume the meeting upon resolution at the shareholders' meeting.
- The shareholders' meeting may resolve to postpone or resume the meeting within five days in accordance with Article 182 of the Company Act.
- 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 網路家庭國際資訊股份有限公司 in the Chinese language and PChome Online Inc. in the English language.

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 G801010 Warehousing and Storage
- 83 IZ06010 Cargoes Packaging
- 84 G799990 Other Supporting Services to Transportation
- 85 F401171 Alcohol Drink Import
- 86 A102060 Grain Commerce
- 87 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\$2,000,000,000, which is divided into 200,000,000 shares at a par value of NT\$10 each. The Board is authorized to issue the unissued shares as common or preferred stocks by multiple installments.

20,000,000 shares of the aforementioned capital stock are retained for employees' stock options, preferred stocks with subscription rights, or corporate bonds with subscription rights. The Board is authorized to issue the unissued shares by multiple installments when needed.

The Company may grant employees' stock options, restricted stocks for employees, or the rights to subscribe new shares issued to employees, or distribute or transfer shares repurchased pursuant to laws to employees. The said employees shall include ones in the controlling or affiliated companies who met certain conditions.

The rights, obligations, and important issuance terms of the Company's preferred stocks are as follows:

- I. The Company shall apply the current year's earnings, if any, to pay for taxes as stipulated by laws and regulations, offset accumulated losses of previous years, and allocate a portion as legal reserve pursuant to laws and regulations. Next, special reserve is appropriated or reversed pursuant to the Articles of Incorporation. The remaining earnings, if any, are allocated as preferred stock dividends for the year.
- II. The dividend rate of preferred stocks is capped at 8% per annum and is calculated based on the issuance price. Dividends are to be distributed in the form of cash each year. Once the Company's financial reports are ratified in the annual shareholders' meeting, the Board will set the record date for the

distribution of previous year's dividends payable. Dividends in the year of issuance and redemption are calculated based on the preferred stocks' actual number of outstanding days.

- III. The Company has discretion over the distribution of preferred stock dividends. If the Company did not generate any or sufficient profits during the year for the distribution of preferred stock dividends, it may resolve not to pay out the dividends and preferred stockholders have no rights to object. The preferred stocks issued are non-cumulative, i.e. the undistributed dividends or shortages in dividends distributed shall not be accumulated and paid in subsequent years when profits are generated.
- IV. The preferred stocks issued are non-participating. Except for dividends specified in Subparagraph 2 of this Paragraph, preferred stockholders cannot participate in common stocks' distribution of cash or stock dividends from earnings or capital surplus.
- V. For cash offering of new shares, the preferred stockholders have the same preemptive rights as the common stockholders.
- VI. Preferred stockholders have a higher claim to the Company's residual properties than common stockholders. Different types of preferred stocks issued by the Company grant holders the same rights to claims, and preferred stockholders stay subordinate to general creditors. The amount preferred stockholders are entitled to is capped at the product of the number of outstanding preferred stocks at the time of distribution and issuance price.
- VII. Preferred stockholders have neither voting nor election rights. However, they may be elected as Directors or Supervisors. They have voting rights in preferred stockholders' meetings or with respect to agendas associated with the rights and obligations of preferred stockholders in shareholders' meetings.
- VIII. Preferred stocks issued by the Company are convertible and

they cannot be converted within one year from the issuance date. The Board of Directors is authorized to set the convertible period in the actual issuance terms. Based on the issuance terms, holders of convertible preferred stocks may apply to convert all or a part of preferred stocks held at the conversion ratio of one preferred stock for one common stock (The conversion ratio is 1:1). Once converted, the rights and obligations of the converted stocks are identical to that of common stocks. Dividend distribution at the conversion year shall be calculated based on the ratio of actual issuance days to total days of the conversion year. However, preferred stockholders who convert their stocks prior to the ex-dividend date cannot participate in the preferred stock dividends of that year and all subsequent years. Nevertheless, they may participate in the distribution of profit and capital surplus for common stocks.

- IX. Preferred stocks have no maturity dates and preferred stockholders have no rights to request the Company to redeem those stocks. However, the Company may redeem all or a part of preferred stocks in cash, by compulsory conversion into new shares or by other means permissible by laws based on the issuance price and by relevant issuance terms at any time starting from the date after the stocks have been issued for three years. The unredeemed preferred stocks continue to have the rights and obligations stipulated in this Article until they are redeemed by the Company. If the Company's shareholders' meeting resolves to distribute dividends in the year when preferred stocks are redeemed, dividends payable up to the redemption date shall be calculated based on the preferred stocks' number of outstanding days in the redemption year.
- X. The Board of Directors is authorized to list the preferred stocks or the common stocks converted at the TPEX depending on the Company and market conditions.

The Board of Directors is authorized to set the name, issuance

date and terms, and other relevant matters of the preferred stocks at the time of issuance based on the market conditions and investors' subscription interests, in accordance with the Company's Articles of Incorporation and applicable laws and regulations.

Article 7: The shares of the Company shall be issued after signed or sealed by Directors representing the Company and certified in accordance with applicable laws and regulations.

Article 7-1: 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: 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.

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 meeting shall be annually convened by the Board within six months from the end of each fiscal year in accordance with the relevant laws and regulations. The extraordinary meeting shall be convened in accordance with the relevant laws and regulations, whenever is necessary. The preferred stockholders' 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 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 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 with reference to the remuneration standard of the industry.

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 an extraordinary 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 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. 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 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.

Article 25: Deleted.

#### 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.

If the aforementioned earnings are to be distributed in the form of new shares, the Company shall comply with Article 240 of the Company Act. If they are to be distributed in the form of cash, the distribution is authorized to be approved by a resolution adopted by the majority of attending Directors which represents more than two-thirds of all Directors. In addition, the distribution proposal shall be submitted to the shareholders' meeting.

Article 28: When the Company makes a profit for the year, the compensation to employees shall be between 1% and 15% of the balance and the remuneration to the Directors shall not be higher than 1.5% 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 the controlling or 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. The remaining earnings, if any, are allocated as preferred stock dividends for the year. 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. With consent from the majority of attending Directors which represents more than two-thirds of all Directors, the Company may appropriate a part or all of dividends,

bonuses, legal reserve or capital surplus to be distributed in the form of cash. In addition, the distribution proposal shall be submitted to the shareholders' meeting.

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 eighty percent of the dividends for the year.

#### 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 Association 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.

The eighteenth amendment was made on June 13, 2018.

The nineteenth amendment was made on June 14, 2019.

The twentieth amendment was made on June 24, 2020.

## PChome Online Inc.

## Rules for Election of Directors

## 1. Purpose

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

## 2. Scope of application

The election of directors at the Company is conducted in accordance with these Rules.

## 3. Definition of terms

None

## 4. Related documents

None

## 5. Operating procedures

5.1 The Company's election of directors 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.

5.3 The Company 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.

5.4 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-independent directors respectively. When two or more persons receive the same number of votes, 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.
- 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 Where the voter does not cast the election ballot into the ballot box.
- 5.9.2 Any ballot cast in violation of the Rules.
- 5.9.3 Any blank ballot.
- 5.9.4 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 do not match.
- 5.9.6 Any ballot with characters other than the candidate's account name (name) or shareholder account number (ID number) and the allocated number of voting rights.
- 5.9.7 Alter the number of voting rights indicated on the ballot.

- 5.9.8 Ballots where the name of the person to be elected is the same as another person to be elected, and a shareholder account number or identity card number is not provided to differentiate.
- 5.9.9 Any ballot that is cast with the names of two or more candidates.
- 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

- I. The Company's total number of shares issued as of the book closure date of this annual shareholders' meeting (April 13, 2021): 118,259,446 common shares
- II. Minimum share ownership by all directors of the Company: 7,095,567 shares  
The number of shares held by all Directors on the register of shareholders as of the book closure date of this annual shareholders' meeting (April 13, 2021) has met the percentage requirement specified in Article 26 of the Securities and Exchange Act. Details are as follows.
- III. 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, shall be reduced to 80 percent.

Title	Name of Natural or Juristic Person	Appointment date	Term	Shareholding at the Time Book Closure Date			
				No. of Shares	Shareholding Percentage		
Chairman of the Board	Hung-Tze Jan	107.06.13	3 years	1,627,427	1.38%		
Director	Kevin Tsai	107.06.13	3 years	41,461	0.04%		
Director	Jerry Hsu	107.06.13	3 years	0	0%		
Director	Site Inc. Representative: Vicky Tseng	107.06.13	3 years	18,907,864	15.99%		
Director	Site Inc. Representative: Johnson Fong	107.06.13	3 years	Same as above	Same as above		
Independent Director	Chang-Sung Yu	107.06.13	3 years	0	0%		
Independent Director	Shao-Hua Huang	107.06.13	3 years	0	0%		
Independent Director	Yuan Li	107.06.13	3 years	0	0%		
Shareholding of all directors				20,576,752	17.40%		

## Other Explanatory Items

### Procedure regarding shareholder proposals of this shareholders' meeting

#### Explanatory Notes:

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 2021 annual shareholders' meeting from April 1, 2021, to April 13, 2021. Relevant information has been released in the Market Observation Post System website in accordance with relevant laws.