

Stock Code:  
8044



PChome Online Inc.

# 2021 Annual Report

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Annual Report of the Company is Available at:

[http://corporate.pchome.com.tw/about\\_us/annual\\_reports.php](http://corporate.pchome.com.tw/about_us/annual_reports.php)

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**V.Overseas Trading Places for Listed Negotiable Securities and the Inquiry Method of Overseas Securities Information**

None

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## Chaper 1 Letter to Shareholders

Dear Shareholders:

PChome Online Inc. is now the leading integrated e-commerce service group in Taiwan, with a business scope covering e-commerce, digital finance, and warehousing logistics. More than 20 services are currently under its umbrella. Affected by a new epidemic wave in 2021, the world still faced problems such as chip shortage, an imbalance between supply and demand of raw materials, and supply chain congestion. Meanwhile, the abrupt rise of the epidemic in Taiwan also drastically changed people's living habits and consumption patterns, making the overall business environment face a severe challenge. Upholding the core business philosophy of "Everyday Reliable" and "Persisting in Innovation and Creating Value", PChome Online strives to be the most solid, reliable and trustworthy life partner for its users, dedicating itself to create more innovative and closer services to meet their needs. The consolidated revenue in 2021 once again reached a record high of NT\$48.579 billion, an increase of 10.7% over 2020, continuing to maintain a double-digit steady growth rate. The consolidated net profit before tax reached NT \$339 million, with an annual growth rate of 11.2%.

Annual operating priorities in 2021

### **I.Epidemic-driven consumer behavior reshaping, boosted growth of platform users and accelerated digital transformation of brands and SMEs**

The number of the Group's PChome 24h online shopping users has reached 13 million, of which the female customer base has increased more. Further analysis shows that the number of users under the age of 26 has increased by 30%, while the number of users over the age of 55 has increased by 40%. In addition, the top 10 mobile payments offered on our website go ahead of the rest of Taiwan, leading to a doubling of mobile payment transactions. In the past two years, affected by the epidemic, brands and SMEs have been prompted to more actively cultivate large e-commerce platforms to contact the largest customer base. The overall sales of brand flagship pavilions on PChome 24h shopping website, such as Muji, LA ROCHE-POSAY, Apple and Samsung, each doubled annually.

### **II.New norm of overseas on-line shopping in the post-epidemic era, and cross-border e-Commerce entering a rapid growth period**

The Group's cross-border e-commerce businesses have all seen significant growth in operational performance. In 2021, the Group's Bibian, which is deeply involved in the Japanese market, started cooperation with SG Holdings Group, the second largest home delivery company in Japan, Cafe24 Japan, a leading international e-commerce platform operator, Mercari, the largest second-hand trading platform in Japan, and SUNDRUG, a Japanese drugstore chain, all of which helped drive GMV on the website to set new record highs month after month, with a strong annual growth of nearly 150% in orders against the previous year. PChomeSEA, a one-stop cross-border e-commerce service provider in the Southeast Asian market, having been working with five leading e-commerce platforms in Southeast Asia since 2020, has seen steady growth in sales since then, with an annual growth of more than five times in 2021, symbolizing its layout benefits of the Greater East Asian cross-border ecosystem. In addition, after Ruten launched a platform to integrate cross-border e-commerce with eBay in the US in 2019. in 2021, it continued to cooperate

with Gmarket, the largest e-commerce company in South Korea, resulting in the current number of listed product items on the whole website over 430 million of goods.

### **III. Continuous deployment of smart warehousing system, and creating an even more efficient and flexible logistics chain**

There are currently seven storage areas and five designated warehouses under PChome Online and eleven logistics terminals under PChome express, distributed in Taipei/New Taipei area, Taoyuan, Taichung and Tainan. Meanwhile, to target regional ultra-short chain logistics, the Group announced its investment in Pickupp, a smart logistics tech startup, in July 2021, with a view to helping boost the capacity and distribution efficiency of the logistics system. In addition, with the official opening of the Chunghwa Post A7 Smart Logistics Park in 2022, the floor area of the warehouse building will be increased by 50%, and with the adoption of AI and automated dual-track warehouse design, the overall daily handling capacity of parcels is expected to increase by more than one times.

### **IV. Strengthening ESG layout to cultivate sustainable competitiveness of enterprises**

Continuing to actively invest in corporate governance, environmental protection, social responsibility and other aspects, in 2021, the Group published the first CSR report compiled voluntarily by itself, hoping to lead the industry towards sustainable prosperity through its own actions and practices. In addition, PChome Online was awarded the "Inspirational Brand Award" and the "Corporate Advancement Award" in the "Asia Pacific Enterprise Awards 2021", and was also awarded the "Top Prize for Enterprises Award" and the "Best Popular Brand Award" in the "National Brand Yushan Award", which is regarded as the highest honor for national brands. Noticeably, PChome Online is the first e-commerce enterprise to win the aforesaid awards. On top of that, PChome Online was also recognized by the "2021 14th TCSA Taiwan Sustainability Awards - Silver Prize" and the "2021 5th PWC's CSR Impact Award Sustainability Impact Awards - Silver Prize."

### **V. Proactive expansion and consolidation of group resources to create the largest digital life ecosystem in Taiwan**

The investment cases implemented this fiscal year mainly include logistics technology—Pickupp; online insurance platform—e-Insure; BNPL Fintech—21st Century Digital; FinTech startup—Mdata Group; real-time booking platform—FunNow; and marketing technology startup—Accuhit.

Looking ahead, PChome Group will expand the application scenarios through FinTech, effectively integrate members with MarTech, and strengthen the efficiency of technology logistics to multiply delivery performance, in the hope of providing the most comprehensive online services and a wonderful user experience, developing empowering services.

We wish all shareholders

all the best and good health.

PChome Online Inc.

Chairman of the Board: Hung-Tze Jan

General Manager: Kevin Tsai

## Chapter 2 Company Profile

### I.Date of Incorporation:1988.7.14

### II.Company History

(I)Merger, reinvestment in affiliated companies or restructure in the most recent year up to the date of publication of this report: None.

(II)Major equity transfer or exchange events involving directors, supervisors or major shareholders holding more than 10% of the Company's shares in the most recent year up to the date of publication of this report: None.

(III)Major changes in the management, operations or businesses and other significant events that have serious impact on the rights of shareholders and the company in the most recent year up to the date of publication of this report: None.

(IV)Material information in prior years and up to the date of publication of this report

Year/Month	History
1998.07	The Company was officially launched.
1998.10	The Company launched "todo portal site", making its official debut in portal service.
2000.06	The Company established the E-Commerce Shopping Department, stepping into the field of e-commerce.
2000.07	Business Next Publishing Corp. names PChome Online #1 in Top 100 Chinese Websites in Taiwan and #3 in the overall Chinese category.
2003.01	The shares of PChome Online were officially registered for trading at the Emerging Stock Board.
2003.09	The monthly revenue of PChome Online shopping channel exceeded NT\$100 million, securing our position as the leading brand in e-commerce operated by a domestic portal.
2004.07	The Company became the first strategic partner of Skype, the well-known Internet telephone company, and unveiled PChome & Skype VoIP service in Taiwan.
2004.11	The SkypeOut charging service was launched, establishing Skype's business model.
2005.01	The Company was listed as "PChome Online" (Stock Code: 8044) at the Taipei Exchange, the first internet company to be listed in Taiwan.
2005.10	PChome online shopping becomes the first online shopping portal to receive approval from the Ministry of Finance to issue electronic invoice.
2005.10	The Company established the Shopping Department, launching PChome Online Store platform service.
2005.11	PChome Shopping won the Gold Medal of the "e-21 Golden Web Awards".
2006.09	PChome Online and eBay Inc. formed a joint venture to establish Ruten, an online auctioning platform.
2007.01	PChome Shopping introduced 24-hour Delivery Service and established 24-hour logistic transfer center, the first in global e-commerce and set a new standard for Taiwan's e-commerce.
2008.04	The Company formed a joint venture with Sinyi Realty Inc., H&B Business Group, Pacific Realtor, ChinaTrust Real Estate Co., and Century 21 (Taiwan) to establish Rakuya, crossing over into the real estate e-commerce.



Year/Month	History
2009.10	The Speedy Delivery ERP System of PChome 24h Shopping won the Award of Excellence of the 2009 eASIA Awards.
2009.11	PChome 24h Shopping won the Excellence Award of the "9th e-21 Golden Web Awards". Sue Yen, Vice General Manager of the Company's Shopping Department, was nominated as a Creative Entrepreneur of the "9th e-21 Golden Web Awards".
2009.12	PChome Photo won the Golden Award for Social Networking of the 10th Click! Awards for Media and Service Websites.
2010.03	The Company's shareholders' meeting resolved to spin off the Shopping Department as a subsidiary, PCHomestore Inc.
2010.07	Entering the global market as Taiwan's e-commerce leader, PChome Global Shopping was officially launched online.
2010.11	PChome 24h Shopping was the winner of the "3rd Taiwanese Superior Commercial Service Brand of Excellence" by the Ministry of Economic Affairs.
2010.12	PChome 24h Shopping won both the E-Commerce Golden Award and the Annual Best Media and Service Website Award of the 11th Click! Awards.
2011.03	The Company transferred PChome & Skype service to its subsidiary, LinkTel Inc.
2011.04	The subsidiary, PChome Store Inc. (Stock Code: 4965), was listed at the Taipei Exchange.
2011.06	The Company was ranked #73 in the "Info Tech 100 Taiwan", and #1 in the Information Services Category released by Business Next Magazine.
2011.07	PChome 24h Shopping ranked #1 for online shopping in the Golden Service Awards of Commonwealth Magazine.
2012.02	PChome Global Shopping introduced the English website.
2012.9.4	The B2C platform of "PChome US", a subsidiary, was unveiled, providing online shopping services to Chinese communities in North America.
2012.05	The Company was ranked #105 in the "Top 500 Service Companies" by Commonwealth Magazine.
2012.06	The Company was ranked #37 in the "Top 100 Technology Companies" by Business Next Magazine.
2012.10	The Company garnered the Award of Excellence in Innovation for Organizations of the 2nd National Industrial Innovation Awards of Ministry of Economic Affairs.
2012.11	The Company garnered the Gold Medal for Platform Business - Shopping Malls Category of the 12th Golden Web Awards of Ministry of Economic Affairs.
2012.01	The Company was an online partner in the Lunar New Year Fair of "2013 Taipei Lunar New Year's Festival".
2012.03	PChomePay, a third-party credit card payment system, was launched. Ruten merchants could initiate the credit card payment service online.
2013.04	The Company launched Internet-specific Mandarin Phonetic Symbols Input Method.
2013.07	The Company received Level-A and Progress Award in the 10th Information Disclosure Evaluation of Listed Companies.
2013.11	PChomePay upgraded the entire security standard of its credit card payment collection services to formally meet the international standards of

Year/Month	History
2013.12	Payment Card Industry Data Security Standard (PCI-DSS) required by credit card companies.
2013.12	The Company introduced the “6-Hour Delivery in Taipei” service and performed trial operation in Taipei City. Normal delivery times applied during weekends and holidays as well.
2014.02	The Company won and was qualified for government assistance in the 2nd Taiwan Mittelstand Awards of MOEA.
2014.04	LinkTel Inc. established the “PChomeTalk” brand and released the first Android-exclusive Skype phone in the world.
2014.04	PChomeUSA’s C2C e-commerce platform went online, providing an user-friendly platform for starting up business to Chinese communities in the U.S.
2014.05	PChome 24h Shopping won the Gold Award for online shopping category in the Golden Service Awards of CommonWealth Magazine.
2014.12	The Company launched "Yiabi", offering mobile application services and satisfying the "save, read, and share" demands of information.
2015.01	The Company received the "Super Power Brand" and the "First Prize of E-Commerce Platform Award" in 2015 Brand Asia hosted by MANAGER Today Magazine.
2015.03	The Company introduced "PChome search", focusing on "shopping first".
2015.04	The Company ranked #23 in the "The Most Influential 100 Brands in Taiwan" survey conducted by Business Weekly.
2015.04	The Company won "Super Power Brand" and the "First Prize of E-Commerce Platform Award" in 2015 Brand Asia hosted by MANAGER Today Magazine.
2015.05	The Company won Gold Award for online shopping category in the "Golden Service Awards" of CommonWealth Magazine.
2015.05	The Company launched "Pi Mobile Wallet" service, which contained functions that were "easy-to-use and safe-to-pay" and was the first mobile payment services conducted via mobile phone numbers.
2015.11	The Company won 2015 Innovative Product Award of the Information Technology Month.
2016.01	PChome InterPay obtained permission to operate as a specialized electronic payment institution.
2016.03	PChome InterPay obtained business license to operate as a specialized electronic payment institution.
2016.06	About 70% of bills can be paid via "Pi Mobile Wallet" in seven cities/counties, namely, Taipei City, Yilan, Keelung, New Taipei City, Taichung, Kaohsiung and Hsinchu.
2016.10	PChome InterPay officially commenced operation, providing comprehensive online payment service to members of Taiwan’s #1 e-commerce market – Ruten.
2016.10	PChome Thai announced the approval of its Electronic Payment Service Business License, which allowed the Company to be the first Taiwanese e-commerce operator to conduct receivables and payables collection business in Thailand.
2016.11	The Company launched "top up" service to speed up online shopping payment transactions, allowing 8 million members to enjoy speedy checkout experience.

Year/Month	History
2017.03	The Company collaborated with the Skype founding team again to launch "Lingvist", an AI-based language learning platform. Through AI, big data and personalized learning materials, users can master the English language in 200 hours.
2017.08	PChome 24h Shopping worked with Kinmen County Government to provide shipping cost discounts to all online purchases made from outlying islands. The shipping cost for each order was merely NT\$100, and if a single transaction exceeded NT\$1,000, buyers were entitled to free shipping.
2018.03	The Company formed strategic partnership with Chunghwa Telecom for the first time and established the "CHT-PCH NO. 1", a venture capital fund to support new business ventures in Taiwan.
2018.05	The Company was committed to build membership economy and P Coin Ecosystem. It announced the launch of "Citi PChome Prime cobrand card" with Citibank Taiwan in May.
2018.08	The mobile payment service, Pi Wallet, joined forces with E. Sun Bank and launched the "E. Sun Pi Wallet Credit Card" in August.
2018.10	The Company established a 100% owned subsidiary, PChome Express Inc., to provide logistic service.
2019.03	The Company and Rakuten Inc signed a cooperation agreement to form a strategic alliance. Pooling the large number of members and cross-domain services owned by each party to promote customer loyalty programs, the alliance also built a mechanism allowing mutual accumulation and redemption of P Coins and Rakuten Super Points as well as linking application scenarios of various online and offline service types.
2019.07	The Company launched the new type of eco-friendly cartons with design focusing on the three features of "100% recycled pulp in primary colors, small-area printing using eco-friendly water-based inks, and materials with high strength for repeated use".
2019.08	The Company initiated the first festival created during the year, namely the "August Hearty gifts festival", which combined Chinese Valentine's Day, Father's Day and Ghost Festival. Based on the culture of gift-giving, the new festival retained traditional customs having a strong human touch and connected them with inspirations from the new era.
2019.10	For the first time, the whole Group participated in the Double 11 event. "ONE PChome" joined forces with 9 subordinate units: PChome, PChome 24h Shopping, Ruten, PChome Online Store, Pi Wallet, PChomePay, PChome Travel, PChome Thai, and PChome Express.
2019.11	Won the double Golden Torch Awards - "Top Ten Outstanding Enterprise Award" and "Customer Satisfaction Excellence Award"
2019.12	PChome 24h Shopping alliance with 17Life to the "e-ticket holder" service Pi Wallet and E. Sun Bank launched the debit financial card "E. Sun Pi Wallet Credit Card"
2020.03	Work with the Taoyuan City Government to promote the "Taoyuan Citizens' Relaxation Package".
2020.03	Work with the New Taipei City Government to promote the transformation of physical stores.
2020.06	Awarded "PR AWARDS Asia" and "Outstanding Public Relations Award"

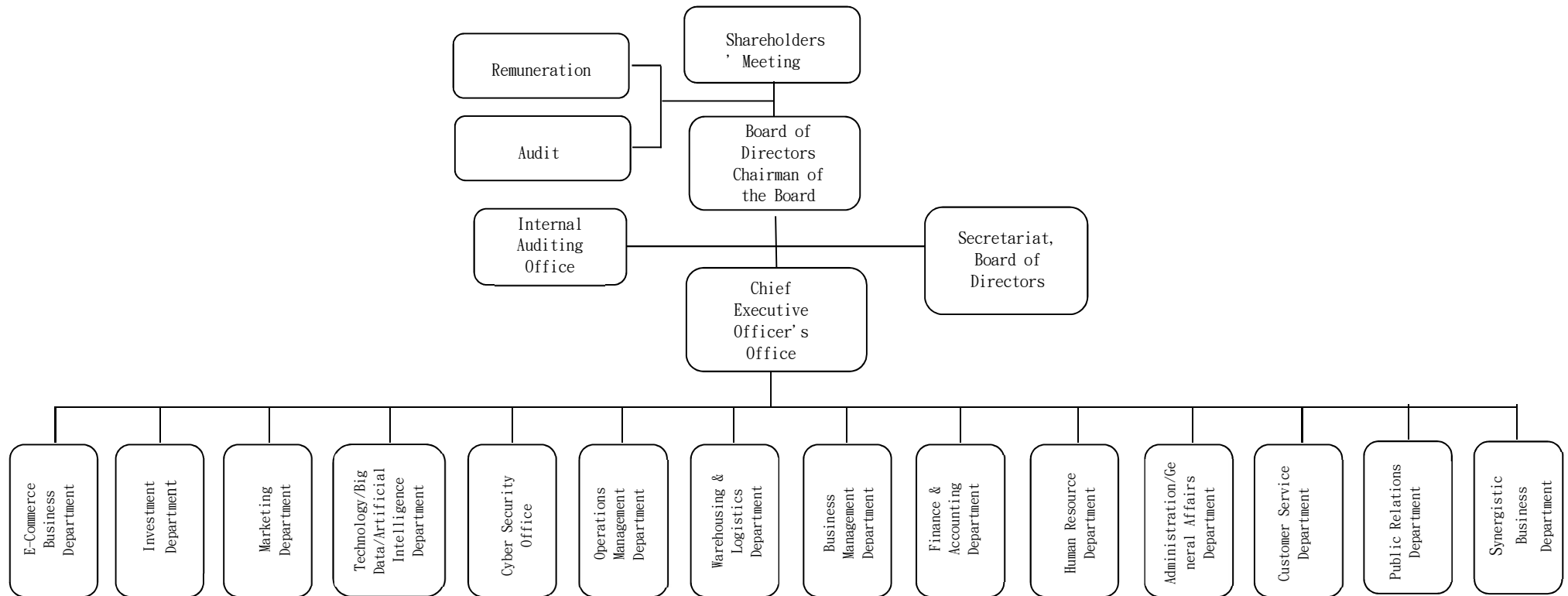
Year/Month	History
2020.07	PChome 24h Shopping allied with Chunghwa Post to launch the first "AI-powered Smart Outfit Recommendation System" function, making it the first large-scale integrated online shopping platform enterprise in Taiwan to obtain the "Carbon Label" from the Environmental Protection Administration of the Executive Yuan.
2020.09	The Group's PChomeSEA launched one-stop cross-border e-commerce service in Southeast Asia, leading Taiwan merchants to sell into the e-commerce markets of Thailand, Vietnam, New Zealand, Malaysia and India in one go.
2020.10	Became the first e-commerce channel in Taiwan that allows accumulating green shopping amount.
2020.11	The Group's PChomeSEA allied with Kaohsiung Economic Development Bureau to sign a MOU to advance into ASEAN-5.
2020.12	MiTCH, a fashion goods selection e-commerce joint venture between PChome Online and Mitsui & Co., opened its first flagship store in Breeze South Hill atré. The PChome 24h shopping app has been downloaded by its users for more than 5 million times.
2021.01	Officially launched the "PChomeX Best Home Choice" premium goods selection service The Group's Ruten Auctions allied with PChomePay and KGI Bank to launch the "Seller's Fortune Money" inclusive financing loan.
2021.04	Won the "Top 100 Next Gen Workplaces." The number of stores opened in the Group's PChomestore exceeded 120,000.
2021.05	The Group's Pi Mobile Technology and Rakuten International Commercial Bank, two major ecosystems, worked together to create a financial scene.
2021.06	Awarded the "Corporate Advancement Award" and "Inspirational Brand Award" in the "Asia Pacific Enterprise Awards 2021"
2021.07	Strategic investment in Pickupp to strengthen last-mile logistics and build a more flexible logistics chain. PChome 24h shopping partnered with the Ministry of Economic Affairs to promote the "Buying Power Firm" to foster social innovation brands.
2021.08	Announced strategic investment in e-Insure to create new opportunities for digital insurance.
2021.09	Drove PChome Online's Digital Fintech Development through introducing strategic investors of China Development Financial Holding Corporation, Chunghwa Telecom and 21st Century Digital Management Team with a private placement of ordinary shares.
2021.10	Announced investment in Mdata Group to expand FinTech ecosystem collaboration. The Group's Bibian allied with Mercari, the largest second-hand trading platform in Japan, becoming the sole e-commerce platform in Taiwan to link up with the entire Mercari website. Awarded the "Top Prize for Enterprises Award" and the "Best Popular Brand Award" in the "2021 National Brand Yushan Award".
2021.11	Awarded the "2021 14th TCSA Taiwan Sustainability Awards - Silver Prize," the "2021 5th PWC's CSR Impact Award Sustainability Impact Awards - Silver Prize" and the "3rd Annual Enterprises Protection Award - Beonzr Prize."

<u>Year/Month</u>	<u>History</u>
	Responded to the EPA's pilot program on recycling packaging, and partnered with PackAge+, an environmental protection startup, to upgrade the green shopping program.
	Led AccuHit Series B fundraising to accelerate the Group's MarTech development.
2021.12	Awarded the "2021 Buying Power Award- Special Prize of the Ministry of Economic Affairs."
	Passed the A-level verification of Taiwan Intellectual Property Management System (TIPS)

## Chapter 3 Corporate Governance Report

### I. Organization

#### (I) Organizational structure



## (II) Responsibilities and functions of major departments

Department Name	Functions
E-Commerce Business Department	<ol style="list-style-type: none"> <li>1. New manufacturers, product development and performance tracking.</li> <li>2. Maintenance of manufacturer conditions and dispute settlement.</li> <li>3. Approval of product schedules.</li> <li>4. Product sales analysis and tracking.</li> <li>5. Formulate sales strategy of PChome EC.</li> <li>6. Analysis and Research on Competitive Industries (Products).</li> </ol>
Investment Department	<ol style="list-style-type: none"> <li>1. Asset planning and scheduling operations of the Company.</li> <li>2. Complete the writing of investment analysis report and trading strategy.</li> <li>3. Pre-investment evaluation includes industry and financial analysis, and provide professional advice.</li> <li>4. Post-investment management such as investment agreement execution, project tracking, value-added services, etc.</li> </ol>
Marketing Department	<ol style="list-style-type: none"> <li>1. Strategically enhance corporate brand image and positioning.</li> <li>2. Set annual brand goals.</li> <li>3. Establish a good brand image in the hearts of consumers, distributors and employees, and meet customer expectations and trust in all aspects.</li> </ol>
Technology/Big Data/Artificial Intelligence Department	<ol style="list-style-type: none"> <li>1. Development and maintenance of front-end and back-end and cloud systems.</li> <li>2. Carry out information system planning and setting according to the needs of relevant units.</li> <li>3. Formulation and optimization of information system processes.</li> </ol>
Cyber Security Office	<ol style="list-style-type: none"> <li>1. Formulate and promote the Group's information security management policy and assist various departments to establish norms.</li> <li>2. Plan and handle the vulnerability assessment and correction of the group's services and systems.</li> <li>3. Assess and audit the risk level and status of each BU and the Company.</li> <li>4. Assist in managing the information security of external partners.</li> <li>5. Improve employee information security awareness.</li> <li>6. Assist in obtaining information security related certifications and completing information security matters of government projects.</li> <li>7. Identification and correction of information security incidents.</li> <li>8. Monitor and alert the status and external risks of each service of the Group.</li> <li>9. Enhancement of internal information security related skills and establishment of support network.</li> </ol>
Operations Management Department	<ol style="list-style-type: none"> <li>1. Maintain the operation of the warehouse/Express system.</li> <li>2. Implementation of warehouse/Express projects.</li> </ol>

Department Name	Functions
	<ol style="list-style-type: none"> <li>3. Assist in the formulation of future strategies for warehouse/Express.</li> <li>4. Assist the warehouse/Express operation management.</li> <li>5. Provide good hardware facilities for warehouse/Express.</li> </ol>
Warehousing & Logistics Department	<ol style="list-style-type: none"> <li>1. Management of purchase, delivery and inventory.</li> <li>2. Formulate a warehousing/logistics strategy plan.</li> <li>3. Improve the overall operational efficiency of warehousing and logistics.</li> </ol>
Business Management Department	<ol style="list-style-type: none"> <li>1. Formulate the direction of annual business strategy and promote key business projects.</li> <li>2. Analyze operating costs for overall company risk control.</li> <li>3. Establish and maintain corporate brand image through media relationship management and marketing activities planning.</li> </ol>
Finance & Accounting Department	<ol style="list-style-type: none"> <li>1. Establish an internal financial system of the Company.</li> <li>2. Organize the preparation of financial plans and cost plans of the Company.</li> <li>3. Provide and analyze various financial statements, and explain the abnormal items.</li> </ol>
Human Resource Department	<ol style="list-style-type: none"> <li>1. Formulate human resources strategies and systems based on the development needs of the Company, and promote human resources business to balance the needs of both employers and employees.</li> <li>2. Establish a salary management and performance appraisal system with external competitiveness and internal fairness to shape a performance-oriented work culture.</li> <li>3. Organize design and manpower allocation based on the Company strategy.</li> <li>4. Improve the training system and design talent selection, use, education, and retention programs that keep pace with the times.</li> <li>5. Simplify the human resources affairs process, optimize the employee experience, create a positive cooperation corporate culture, and unite the centripetal force of employees.</li> </ol>
Administration/General Affairs Department	<ol style="list-style-type: none"> <li>1. Coordination of the Group's Epidemic Prevention Center and the release of epidemic prevention measures and information.</li> <li>2. Management of Group Online Banking Authority.</li> <li>3. Seal application and seal management, electronic voucher use control and document management.</li> <li>4. Safe maintenance of the public environment and care for employees in the workplace.</li> <li>5. Management and control of the contract for the purchase and maintenance of office software and hardware equipment.</li> <li>6. Management and control of general affairs and maintenance of general affairs and office equipment and materials.</li> <li>7. Import of BPM electronic form projects, Help-Desk projects and other projects.</li> </ol>
Customer Service Department	<ol style="list-style-type: none"> <li>1. Customer ordering process and platform information guidance instructions.</li> </ol>



Department Name	Functions
	<ol style="list-style-type: none"> <li>2. Provide customer order consultation and after-sales service.</li> <li>3. Service case care, tracking and customer relationship maintenance.</li> <li>4. Consolidate customer suggestions and service optimization proposals for each service channel.</li> <li>5. Marketing Award Service Center.</li> </ol>
Public Relations Department	<ol style="list-style-type: none"> <li>1. Shaping the Company's brand image (press conference).</li> <li>2. Preparation and execution of press releases and event communications.</li> <li>3. Public Relations Issue Planning and Crisis Management.</li> </ol>
Synergistic Business Department	<ol style="list-style-type: none"> <li>1. Achieving the Group synergy and integration in accordance with the Group's strategic objectives.</li> <li>2. Establish a digital, data-driven service ecosystem.</li> <li>3. Conducting strategic analysis and development to achieve the business model development and cooperation content planning and management of the target cooperative industry.</li> <li>4. Implementing the Group's strategy in cross-unit and cross-group cooperation to introduce new undertakings and promote the Group's important projects.</li> <li>5. Creating new business operation models, exploring potential business opportunities, and forging a perfect cross-industry cooperation to achieve a mutually beneficial ecology.</li> </ol>

**II. Director, General Manager, Deputy General Manager, Assistant Vice Presidents and Managers of Departments and Branches****(I) Directors' Profiles**

2021.4.24

Position and Name	Nationality	Gender /Age	Date Elected (Appointed)	Date First Elected	Major Academic (professional) Experience	Concurrent Positions Held in the Company and Other Companies
Chairman Hung-Tze Jan	R.O.C.	Male 61~70	2021.07.29	88.12.09	Department of Economics, National Taiwan University Editor of the Commentary Section of United Daily News General Manager of Yuan-Liou Publishing	Note
Director Kevin Tsai	R.O.C.	Male 51~60	2021.07.29	104.06.22	ROYAL ROADS University MBA in Executive Management PChome Online Inc. Deputy General Manager	Note
Director Bruce Chou	R.O.C.	Male 41~50	2021.07.29	110.07.29	Department of Finance, National Taiwan University Zoyi Capital Managing Director Barclays Capital Assistant VP	Note
Director Site Inc.	R.O.C.	NA	2021.07.29	91.06.11	None	None
Representative: Vicky Tseng	R.O.C.	Female 41~50	2021.07.29	106.10.05	Master of Electronic Commerce Institute, Boston University Master of EMBA Accounting Group, National Taiwan University Marketing Director of PChome Online Inc.	Note
Representative: Johnson Fong	R.O.C.	Male 51~60	2021.07.29	107.11.01	Department of Industrial Management, National Taiwan University of Science and Technology Assistant Vice President of Quanta Computer Inc.	None
Representative: Ryan Kuo	R.O.C.	Male 51~60	2021.11.01	110.11.01	Bachelor in Electrical Engineering, National Taiwan University General Manager, CDIB Innovation Management Consultants Co., Ltd.	None
Independent Director T.H. Tung	R.O.C.	Male 61~70	2021.07.29	110.07.29	Master in Computer Communication and Control, Taipei University of Technology Honorary PH.D in Engineering, National Taipei University of Technology Vice Chairman of Asustek	Note
Independent Director Hochen Tan	R.O.C.	Male 71~80	2021.07.29	110.07.29	Master in Urban Planning, Virginia Polytechnic Institute and State University Minister of Transportation and Communications, Republic of China (Taiwan) Chairman, Chunghwa Telecom Co., Ltd. Chairman, Taipei Rapid Transit Corporation	Note
Independent Director Margaret Huang	R.O.C.	Female 61~70	2021.07.29	110.07.29	Ming Chuan University Chairman, General Manager and Group Chief Executive Officer, Leo Burnett Co., Ltd. Chairman, Ronald McDonald House Charities	Note

Position and Name	Nationality	Gender /Age	Date Elected (Appointed)	Date First Elected	Major Academic (professional) Experience	Concurrent Positions Held in the Company and Other Companies
					Chairman, EmporioAsia Leo Burnett (Shanghai) Ltd.	

Note 1: A corporate shareholder shall list its title and representative separately (; if you are a corporate shareholder's representative, you shall indicate the corporate shareholder 's title), and fill in the Table 1 below.

Note 2: Please list your actual age, or you may express your age in terms of interval, e.g. 41-50 years old or 51-60 years old.

Note 3: Please fill in the time when you first became a company director or supervisor, with a note indicating any interruptions thereof.

Note 4: Work experience of anyone in the table above that are related to their current positions, e.g. previous employment at the Company's CPA firms or affiliates, shall be disclosed with detailed job titles and responsibilities.

Note 5: Where the company's chairman and general manager or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g. increase the number of independent directors and have majority of directors not serving as employees or managerial officers).

Note 6: The corporate representative of Site Inc. Ryan Kuo was appointed as the corporate director's representative on October 1, 2021 to replace the original corporate director's representative, Kun-Ju Han.

#### Note: Director Concurrent Positions Held in the Company and Other Companies

Title	Name	Concurrent Positions Held in the Company and Other Companies
Chairman of the Board	Hung-Tze Jan	<p>Chairman: PChomestore Inc., Eastern Online Co., Ltd., Eolembrian Co., Ltd., PChome eBay Co., Ltd., Site Inc., PChome Interpay Inc., PC Home Online International Co.,(B.V.I.), PC Home Online (Cayman) Inc., PC Home Online (HK) Ltd., eCommerce Group Co., Ltd. (BVI), Ruten Global Inc. (Cayman), EC Global Limited, PChome US Inc., Linktel Inc., PayEasy Digital Integration Co., Ltd., PChome Japan KK, PChome (Thailand) Co.,Ltd., Meet Digital Innovation Co., Ltd., iThome Publications Inc., Yuntongbao International Information Co., Ltd., PChome Financial Technology Inc., PChome Travel Inc., PChome Express Co., Ltd., CHT-PCH No.1 Inc., Cornerstone Ventures, Miho International Cosmetic Co., Ltd., Mitch Co., Ltd., PChome CBS Co., Ltd., PUMA Consultants, Ltd., Shang Shan Human Culture Foundation, 21st Century Technology Co., Ltd. and PChome Data Technology Co., Ltd.</p> <p>Director of: CDIB Innovation Management Consultants Co., Ltd., Independent Director of Sinyi Realty Inc., Independent Director and Member of the Remuneration Committee of Asmedia Technology Inc., Independent Director, Member of the Remuneration Committee and Member of the Audit Committee of Lion Travel Service Co., Ltd., FUNP Co., Ltd., Rakuya International Info. Co. Ltd., PChome CBS Co., Ltd., PCHOME CB PTE. LTD., Business Next Media Corp., APUJAN LTD., ECOSMOS PTE. LTD 、 Ruten Japan KK, PChome Marketplace Inc.(Cayman), PChome Holding Inc. (BVI), Newbloom Venture Co.,Ltd. And 17LIFE Inc.</p>
Director	Kevin Tsai	<p>Chief Executive Officer and General Manager, PChome Online Inc.</p> <p>Chairman: Pin Technology Co., Ltd., UNIGEN ENGINEERING CO., LTD., and Pi Mobile Technology Inc.</p> <p>Director of: Rakuya International Info. Co. Ltd., PChomestore Inc., Mitch Co., Ltd., CHT-PCH No.1 Inc., Cornerstone Ventures, PChome Financial Technology Inc., PChome Travel Inc., Linktel Inc., Yuntongbao International Information Co., Ltd., PChome Express Co., Ltd., PChome CBS Co., Ltd., PChome Interpay Inc., PChome Data Technology Co., Ltd. and iThome Publications Inc.</p>
Director	Bruce Chou	Chief Investment Officer and Chief Strategy Officer of PChome Online Inc., Director of Pi Mobile Technology Inc.,

Title	Name	Concurrent Positions Held in the Company and Other Companies
		Director of Linktel Inc., Director of PChome Interpay Inc., Director of Junzhan Investment Limited, Director of Taiwan Farm Industry Co., Ltd., Supervisor of Mengjiong Influence Investment Inc., Supervisor of PChome eBay Co., Ltd., Supervisor of Nap Tea Co., Ltd. and Director of PChome Data Technology Co., Ltd.
Director (Corporate representative)	Vicky Tseng (Note 1)	Director and General Manager of PChome eBay Co., Ltd., Director of PChomestore Inc., Director of PChome Travel Inc., Director of CHT-PCH No.1 Inc., Director of Cornerstone Ventures, Director of PChome Financial Technology Inc. and Director of IPEVO Corp.
Director (Corporate representative)	Ryan Kuo (Note 1)	Chairman: KATIE & RYAN INTERNATIONAL CO., LTD. Director of: FUNP Co., Ltd., Kneron Holding Corporation, Kkday.com International Company Limited, KooData Inc., Viscovery (Cayman) Holding Company Limited, Traveler Co., Ltd., Greenvines Living Co., Ltd., Greenvines Biotech Co., Ltd., FunNow Ltd., Leaderg Software Technology Inc., Cherri Tech, Inc., Hawooo.com Investment Ltd., Xrex Inc., 21st Century Technology Co., Ltd. and Pi Mobile Technology Inc. General Manager of CDIB Innovation Management Consultants Co., Ltd., General Manager of CDIB Capital Innovation Accelerator Co., Ltd. and Deputy General Manager of CDIB Innovation Management Consultants Co., Ltd.
Independent Director	T.H. Tung	Chairman and Chief Strategy Officer of Pegatron Corporation, Director of Kinsus Interconnect Technology Corp., Director of ASRock Inc., Director of Pegavision Corp., Chairman of Kinsus Investment Corp., Chairman of Lumens Digital Optics Inc., Chairman of Asus Investment Co., Ltd., Chairman of Asuspower Investment Co., Ltd., Chairman of Asustek Investment Co. Ltd., Chairman of RI-KUAN Metal Corp., Chairman of BeautyTech Platform Corp. and Chairman of FacialBeau International Corp. Director of FuYang Technology Corp., Director of Huayong Investment Ltd., Director of Asfly Travel Service Ltd., Director of Huawei Investment Ltd., Director of Pega International Ltd., Director of Casetek Holdings Limited (CAYMAN), Director of Pegatron Holding Ltd., Director of Unihan Holding Ltd., Director of Magnificent Brightness Ltd., Director of Casetek Holdings Ltd., Director of Protek Global Holdings Ltd., Director of Digitek Global Holdings Ltd., Director of Kinsus Corp.(USA), Director of Pegatron Holland Holding B.V., Director of Powtek Holdings Limited, Director of Cotek Holdings Limited, Director of Grand Upright Technology Limited and Director of Aslink Precision Co. Ltd. Independent Director of PChome Online Inc., Director of the Alliance Cultural Foundation, Director of Hanguang Education Foundation, Director of Taipei Computer Association, Supervisor of National Performing Arts Center, Director of Lung Yingtai Cultural Foundation, Director of Andrew T. Huang Medical Education Promotion Fund, Director of Fair Winds Foundation, Director of Bridge Across the Strait, Chairman of Chinese Cultural and Creative Development Association, Chairman of Monte Jade Science and Technology Association of Taiwan, Director of Fullfoods Foundation, Director of Bulareyaung Dance and Cultural Foundation, Director of Q Place Creative Inc., Chairman of Fisfisa Media Co., Ltd., Director of National Chung-Shan Institute of Science & Technology, Director of Cloud Gate Culture and Arts Foundation and Director of Lovely Taiwan Foundation.

Title	Name	Concurrent Positions Held in the Company and Other Companies
Independent Director	Hochan Tan	Chairman, Taiwan Ecological Engineering Foundation

Note 1: The corporate representative of Site Inc.

#### 1. Major Shareholders of the Corporate Shareholders

2021.4.24

Name of Corporate Shareholder (Note 1)	Major Shareholders of the Corporate Shareholders (Note 2)
Site Inc.	PuMa Co., Ltd. (20.87%), HILDER Investment Limited (13.88%), Fei-Peng Ho (5.24%), Ssu-Yuen Pan (4.52%), Cite Publishing Ltd. (3.88%), Chun-Chi Chou (3.63%), Sung-Mao Cheng (3.04%), Jen-Chiang Hsu (2.74%), Li-Chu Tsai (2.26%), Jerry Hsu (1.82%)

Note 1: For Directors and Supervisors who are corporate shareholder's representatives, the titles of said corporate shareholders shall be filled in.

Note 2: Please fill in the names of major shareholders of a corporate shareholder (the top ten ones in terms of shareholding) and their shareholding ratios. Please continue to fill in the Table 2 below if the aforesaid major shareholders are juridical persons.

Note 3: Where a corporate shareholder is not a corporate organization, the names of said shareholders and their shareholding ratios disclosed above are then the names of the investors or contributors (refer to the announcement of the Judicial Yuan for inquiry) and their respective investment or contribution ratios. If there are contributors passing away, note them with "deceased."

#### 2. Major Shareholders of Institutional Shareholders

2021.4.24

Name of Corporate Shareholder (Note 1)	Major Shareholders of the Corporate Shareholders (Note 2)
HILDER Investment Limited	Arthur Lee (100%)
PuMa Co., Ltd.	Hung-Tze Jan (61%), Apu Jan (37%), Hsin-I Wang (1%), Chien-Sheng Li (1%)
Cite Publishing Ltd.	Media Focus Malaysia Co., Ltd. (100%)

Note 1: As in Table 1 above, a corporate shareholder shall indicate the title of said corporate.

Note 2: Please fill in the names of major shareholders of a corporate shareholder (the top ten ones in terms of shareholding) and their shareholding ratios.

Note 3: Where a corporate shareholder is not a corporate organization, the names of said shareholders and their shareholding ratios disclosed above are then the names of the investors or contributors (refer to the announcement of the Judicial Yuan for inquiry) and their respective investment or contribution ratios. If there are contributors passing away, note them with "deceased."

## 3.Directors' Education Training

Title	Name	Date of assumption of office	Date		Sponsoring Organization	Course	Duration (Hours)
			From	To			
Chairman of the Board	Hung-Tze Jan	2021/7/29	2021/8/27	2021/8/27	Taiwan Corporate Governance Association	Real Estate Sustainability Thinking and Brand Development Sharing	3
			2021/11/30	2021/11/30		Digital Opportunities and Digital Talents	3
			2021/12/23	2021/12/23	Securities & Futures Institute	Money Laundering Prevention and Counter Financing Practices	3
						Technology Development and Business Model of Blockchain	3
Director	Kevin Tsai	2021/7/29	2021/12/23	2021/12/23	Securities & Futures Institute	Money Laundering Prevention and Counter Financing Practices	3
						Technology Development and Business Model of Blockchain	3
Director	Bruce Chou	2021/7/29	2021/12/7	2021/12/7	Taiwan Stock Exchange Corporation	Cathay Sustainable Finance and Climate Change Summit	3
			2021/12/10	2021/12/10	Taiwan Corporate Governance Association	Prevention of Insider Trading and the Latest Practical Developments	3
			2021/12/23	2021/12/23	Securities & Futures Institute	Money Laundering Prevention and Counter Financing Practices	3
						Technology Development and Business Model of Blockchain	3
Director	Vicky Tseng	2021/7/29	2021/12/23	2021/12/23	Securities & Futures Institute	Money Laundering Prevention and Counter Financing Practices	3
						Technology Development and Business Model of Blockchain	3
Director	Johnson Fong	2021/7/29	2021/12/23	2021/12/23	Securities & Futures Institute	Money Laundering Prevention and Counter Financing Practices	3

						Technology Development and Business Model of Blockchain	3
Director	Ryan Kuo	2021/7/29	2021/12/23	2021/12/23	Securities & Futures Institute	Money Laundering Prevention and Counter Financing Practices	3
						Technology Development and Business Model of Blockchain	3
Independent Director	T.H. Tung	2021/7/29	2021/4/26	2021/4/26	Taiwan Corporate Governance Association	Full Activation of Enterprise Digital Resilience - From Ransomware to Incidents	3
			2021/9/16	2021/9/16		Corporate Sustainability - "Environmental Protection" and Legal Compliance Management	3
			2021/10/28	2021/10/28		A Practical Case Study on Integrity, CSR and ESG	3
			2021/11/11	2021/11/11		Understanding Related Party Trading, Unconventional Trading and Insider Trading from Practical Examples	3
Independent Director	Hochen Tan	2021/7/29	2021/12/23	2021/12/23	Securities & Futures Institute	Money Laundering Prevention and Counter Financing Practices	3
						Technology Development and Business Model of Blockchain	3

#### 4. Information on the Independence of Directors

##### Board Diversity and Independence

##### (I) Board Diversity

##### 1. Board Diversity Policy:

In accordance with Chapter 3, Article 20 of the “Corporate Governance Best-Practice Principles” established by the Company, the composition of the Board of Directors shall take into account diversity, and formulate appropriate diversity policies with respect to its operations, business model and development needs, including but not limited to the following three major areas of criteria:

- (1) Basic Qualifications and Values: Gender, age, nationality, culture and the like.
- (2) Expertise and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience.
- (3) Corporate sustainability and social engagement

##### 2. Concrete Management Objectives

In accordance with Chapter 3, Article 20 of the “Corporate Governance Best-Practice Principles” established by the Company, the Board members shall generally possess the knowledge, skills and literacies necessary for the performance of their duties. To achieve the desired objectives of corporate governance, the Board as a whole shall have the following capabilities:

- (1) Operational judgment skills
- (2) Accounting and financial analysis skills
- (3) Operational management skills
- (4) Crisis management skills
- (5) Industry knowledge
- (6) International market view
- (7) Leadership
- (8) Decision making
- (9) Information technology
- (10) Awareness of regulatory compliance

The Company’s Board of Directors is composed of nine directors, of whom three are natural person directors, three are legal representative directors and three are independent directors (accounting for 33.3%). All independent directors are newly appointed to maintain their independence, whose backgrounds are in law, accounting, finance, marketing and technology respectively, and of whom one used to serve as a minister in the public sector, one as chairman of a technology manufacturing group, and one as president of an advertising and marketing group in Greater China. With different professional backgrounds, each independent director possesses competencies in operational judgment, accounting and financial analysis, management, crisis management, industry knowledge, international market perspective, leadership and decision-making skills, demonstrating multiple and complementary effectiveness. In addition to the requirements on the Board members’ possession of knowledge, skills, literacies and industrial decision-making and management abilities necessary for the performance of business, the Company also attaches importance to the reputation of directors in their personal moral conducts, continuously arranges



diversified refresher courses for directors, and regularly performs performance evaluation of directors. In doing so, all directors are allowed to improve their decision-making quality and fulfill their supervisory responsibilities, thereby further strengthening the Board functions. At the same time, in order to implement gender equality, the Company has had female directors since its inception, and has had female directors for each successive term, and has set the goal of increasing the proportion of female directors in recent years.

[Objectives of board member diversity]

Management objectives	Achievement status
25% or more female directors (or at least one female director)	√
35% or more independent directors (or at least 3 independent directors and not less than 20% of the total number of directors)	√
Directors concurrently serving as managerial officers of the company shall not exceed one-third of the number of directors (see Article 20, Paragraph 3 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies").	√
The Board as a whole has the top 10 corporate governance competencies	√
The Board as a whole has professional backgrounds in accounting, law, marketing, production management and operations management and the like.	√

(II) Independence of the Board

[Table of current independent directors' years of service]

Name of independent director	Independent directors' years of service		
	Under 3 years	3 to 9 years	Over 9 years
T.H. Tung	√		
Hochen Tan	√		
Margaret Huang	√		

The Company's three independent directors, all with less than three years of service, have nationality of Taiwan, taking up 33% of the entire directors. There are four other directors are with employee status. The age distribution of the directors covers 1 director aged 31-40, 1 director aged 41-50, 3 directors aged 51-60, 3 directors aged 61-70 and 1 director aged 71-80. Besides the aforesaid, the Company also places emphasis on gender equality in the composition of the Board. The current term of the Board includes two female members (one of whom is an independent director), representing 22% of the entire directors. The Company will continue to strive to increase the percentage of female directors in the future.

## Diversity policy of the Company's current Board members and its implementation

Diversity items Names of directors	Basic composition								Industry experience					Professional competence				
	Nationality/ Gender	Employee status	Age				Independent directors' Tenure of tenure			IT applications	Communica tion technology	Finance	Business & Supply	Professional Services and Marketing	Internet technology	Law	Accounting	Risk management
			41~50	51~60	61~70	71~80	< 3	3~5	6~9									
Hung-Tze Jan	R.O.C. Male			✓					✓	✓	✓	✓	✓	✓			✓	
Kevin Tsai	R.O.C. Male	✓		✓					✓	✓		✓	✓	✓			✓	
Bruce Chou	R.O.C. Male	✓	✓						✓	✓	✓	✓	✓	✓		✓	✓	
Vicky Tseng	R.O.C. Female	✓	✓						✓	✓	✓	✓	✓	✓		✓	✓	
Johnson Fong	R.O.C. Male			✓					✓	✓	✓	✓		✓			✓	
Ryan Kuo	R.O.C. Male			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director T.H. Tung	R.O.C. Male				✓		✓		✓	✓	✓	✓	✓	✓			✓	
Independent Director Hochen Tan	R.O.C. Male					✓	✓		✓	✓		✓	✓	✓			✓	
Independent Director Margaret Huang	R.O.C. Female				✓		✓		✓	✓	✓	✓	✓	✓			✓	

A. In measuring nine members (including three independent directors) of the Company's current Board of Directors, they as a whole possess competencies of business judgment, leadership and decision-making, operation and management, international market perspective and crisis management, as well as have industry experiences and technical expertise.

B. The average term of office of the Company's directors is 3.7 years, of which the three independent directors have less than three years of service, all

of whom are elected for the current term. The Board members all have nationality of Taiwan, taking up 33% of the entire directors. There are four other directors are with employee status. The age distribution of the directors covers 2 directors aged 40-50, 3 directors aged 51-60, 3 directors aged 61-70 and 1 director aged 71-80. The Company also places emphasis on gender equality in the composition of the Board. The current term of the Board includes two female members (one of whom is an independent director), representing 22% of the entire directors. The Company will continue to strive to increase the percentage of female directors in the future.

C. The orientation, complementarity and implementation of director diversity have met the criteria set out in Article 20 of the Company's "Corporate Governance Best-Practice Principles." In the future, the Company will continue to revise its director diversity policy with respect to the operation, business model and development needs of the Board, including but not limited to the standards of two major aspects, namely basic qualifications and values vs. expertise and skills. In doing so, it is to ensure that Board members would generally possess the knowledge, skills and literacies necessary to perform their duties.

## (II) General Manager, Deputy General Manager, Assistant Vice Presidents and Managers of Departments and Branches

04/24/2021

Title/ Name	Nationality	Gender	Date of Appointed	Experience (Education) (Note 2)	Positions Concurrently Held in Other Companies	Managers who are Spouses or Within Two Degrees of Kinship		
						Title	Name	Relationship
General Manager Kevin Tsai	R.O.C.	Male	2017.11.2	ROYAL ROADS University MBA in Executive Management PChome Online Inc. Deputy General Manager	Note 4	None	None	None
Deputy General Manager Vicky Tseng	R.O.C.	Female	2002.1.7	MS, Administrative studies – e-commerce, systems & technology, Boston University EMBA, Accounting, National Taiwan University Marketing Director of PChome Online Inc.	Director and General Manager of PChome eBay Co., Ltd., Directors of companies, such as PChomestore Inc., PChome Travel Inc., CHT-PCH No.1 Inc., Cornerstone Ventures, PChome Financial Technology Inc. and IPEVO Corp.	None	None	None
Deputy General Manager Leo Lu	R.O.C.	Male	2000.3.13	Department of Accounting, Chinese Culture University	Supervisors of companies, such as Pi Mobile Technology Inc., PChome Financial Technology Inc., PChome Travel Inc., PChome Express Co., Ltd., PChome CBS Co., Ltd., PChome InterPay Inc. and 21st Century Technology Co., Ltd.	None	None	None
Deputy General Manager Yu-Shu Hu	R.O.C.	Female	2018.10.01	Department of Insurance, Chaoyang University of Technology Deputy Director of E-Commerce Department	None	None	None	None
Deputy General Manager Chen, Han-Chi	R.O.C.	Female	2020.9.14	New York University School of Education Chief Executive Officer of TransGlobe Life Vice President of Citibank	None	None	None	None
Deputy General Manager Bruce Chou	R.O.C.	Male	2020.11.2	Department of Finance, National Taiwan University Zoyi Capital Managing Director Barclays Capital Assistant VP	Note 4	None	None	None
Deputy General Manager Cheng-Ching Wei	R.O.C.	Male	2020.12.8	Department of International Industrial Information, Faculty of International Economics, Reitaku University, Japan Director of Store Business Department of PChome Online Inc. Chief Operating Officer of PChomestore	PChomestore Inc. Director and General Manager	None	None	None

Title/ Name	Nationality	Gender	Date of Appointed	Experience (Education) (Note 2)	Positions Concurrently Held in Other Companies	Managers who are Spouses or Within Two Degrees of Kinship		
						Title	Name	Relationship
				Inc.				
Deputy General Manager Wen-Hsiong Cai	R.O.C.	Male	2020.12.8	The Management Research Institute of Fu Jen Catholic University PChome Online Inc. Deputy General Manager	Director of PChome (Thailand) Co., Ltd.	None	None	None
Deputy General Manager Arthur Shen	R.O.C.	Male	2021.12.1	MBA Program, Department of Commerce, National Taiwan University COO of Tutor ABC	None	None	None	None
Chief Technology Officer and Deputy General Manager Scott Chen	R.O.C.	Male	2021.9.15	Ph.D. in Caltech USA President, Grindr	None	None	None	None
Deputy General Manager Xiaohui Hu	R.O.C.	Female	2021.10.12	MBA Program, Department of Commerce, National Taiwan University Deputy General Manager, Taishin International Bank Co., Ltd.	None	None	None	None
Deputy General Manager Nikki Lin	R.O.C.	Female	2021.10.12	Department of Marketing Management, University of New South Wales General Manager, cacaFly Int'l Media Co.	None	None	None	None
Deputy General Manager Geena Lin	R.O.C.	Female	2021.11.22	Department of Mass Communication, National Chengchi University Deputy General Manager, Yahoo! Asia Pacific Pte Ltd.	Director of Mitch Co., Ltd.	None	None	None
Deputy General Manager Wayvi Wan	R.O.C.	Male	2020.11.2	State University of North Alabama, USA. Assistant manager, Elifemall	None	None	None	None
Assistant Vice President Ying-Hsuan Chao	R.O.C.	Female	2019.05.15	Master of Business Administration, Long Island University, New York	Director of PChomestore Inc. Director of eCrowd Media, Inc. Chief Operating Officer of PChome eBay Co., Ltd.	None	None	None
Assistant Vice President Zan-Yuan Chen	R.O.C.	Male	2020.7.1	Information Management Department of Taipei College of Commerce Deputy Manager of i4uuu Group	None	None	None	None
Assistant Vice	R.O.C.	Male	2020.7.1	Master of Science and Technology Law of	Director and General Manager of Pi Mobile	None	None	None

Title/ Name	Nationality	Gender	Date of Appointed	Experience (Education) (Note 2)	Positions Concurrently Held in Other Companies	Managers who are Spouses or Within Two Degrees of Kinship		
						Title	Name	Relationship
President Kun-Ju Han				Soochow University General Manager of PChomePay Inc. Manager of Emerging Payment Department of CTBC Bank Co., Ltd. Manager of E-Financial Department of Bank SinoPac	Technology Inc. Director of of PChome Financial Technology Inc. Director of Yun Tung Bao International Co., Ltd. Director of UNIGEN ENGINEERING CO., LTD. Director of PChome eBay Co., Ltd. Director of All Win Fintech Co., Ltd. Director of PChome Data Technology Co., Ltd. Director, 21st Century Technology Co., Ltd. Supervisor of PCHOME CB Co., Ltd. Supervisor of Mitch Co., Ltd. Supervisor of Miho International Cosmetic Co., Ltd.			
Assistant Vice President Shih-Hao Fang	R.O.C.	Male	2021.1.25	General subjects of Chung Cheng High School Operations Director of SF Express Taiwan Director of Logistics at TransPak Inc.	None	None	None	None

- Note 1: Information regarding General Manager, Deputy General Manager, Assistant Vice Presidents and managers of departments and branches, or equivalent positions shall be disclosed regardless of the job titles.
- Note 2: Work experience of anyone in the table above that is related to their current positions, e.g. previous employment at the Company's CPA firms or affiliates, shall be disclosed with detailed job titles and responsibilities.
- Note 3: Where the company's general manager or personnel with equivalent position (chief manager) and chairman are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g. increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers).
- Note 4: Please refer to page 4.
- Note 5: Wayvi Wan was promoted to deputy general manager on March 1, 2022.

### III. Remuneration Paid to Directors (including Independent Directors), General Manager, and Deputy General Manager in the Most Recent Fiscal Year

#### (I) Remuneration paid to Directors (including Independent Directors)

Unit: NT\$ thousands ; 2021.12.31

Title Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) and as a % of Net Income (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) and as a % of Net Income (Note 10)		Compensation Paid to Directors from Non-Consolidated Entities (Note 11)	
	Base Remuneration (A) (Note 2)		Severance Pay (B)		Directors Remuneration (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Employee Remuneration (G) (Note 4)							
	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company		From All Consolidated Entities (Note 7)		The Company	From All Consolidated Entities (Note 7)		
															Cash	Stock	Cash	Stock				
Chairman Hung-Tze Jan	615	615	0	0	0	0	0	615	615	0.63	0.99	71,130	74,892	0	0	50	0	182	0	71,362	74,892	None
Director Kevin Tsai																						
Director Bruce Chou																						
Director Representative of Site Inc.: Vicky Tseng																						
Director Representative of Site Inc.: Johnson Fong																						
Director Representative of Site Inc.: Ryan Kuo																						
Independent Director T.H. Tung	1,230	1,230	0	0	0	0	0	1,230	1,230	1.26	1.98	0	0	0	0	0	0	0	1,230	1,230	None	
Independent Director Hochen Tan																						
Independent Director Margaret Huang																						

1. Please state the policy, system, standard and structure of remuneration paid to Independent Directors and the correlation between factors such as responsibilities and risks assumed as well as time

contributed and the amount of payment: Pursuant to the Articles of Incorporation, the Board of Directors has been delegated to determine the remuneration to Directors based on their involvement in the business operation of the Company and their contributions to the Company with reference to the remuneration standard of the industry both at home and abroad. In addition, the Company's Articles of Incorporation also state that remuneration to Directors shall not exceed 1.5% of the annual profit. According to provisions in the Company's Remuneration Committee Charter, relevant performance evaluation and the reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors. Remuneration system is constantly reviewed based on actual operational status and relevant laws and regulations to seek a balance between the Company's sustainable operation and risk control.

2.Except for information disclosed above, remuneration paid for services rendered by Directors of the Company to all consolidated entities (e.g., serving as a non-employee consultant) in the most recent fiscal year: None.

Note 1: The name of Directors shall be listed separately (for corporate shareholders, their names and representatives shall be listed separately) and the amount of remuneration paid shall be disclosed in aggregate. If any Director concurrently serves as a General Manager or Deputy General Manager, please fill out this table and Tables (3-1) or (3-2) below.

Note 2: This refers to remuneration to Directors in the most recent fiscal year (including salaries, allowances, severance pay, bonuses, incentive pay, etc. to Directors).

Note 3: This refers to Directors' remuneration approved by the Board of Directors in the most recent fiscal year.

Note 4: This refers to Directors' allowances in the most recent fiscal year (including transport fee, special allowance, various subsidies, accommodation, vehicles, etc. provided). If housing, vehicle and other means of transportation or personal expense are provided, the nature and cost of the asset provided, the rentals calculated based on actual or fair market value, fuel, and other payments shall be disclosed. If a driver is hired, please disclose the amount of salaries paid by the Company to the driver as a footnote. However, this amount shall not be included in the remuneration.

Note 5: This refers to salaries, allowances, severance pay, bonuses, incentive pay, transport fee, special allowance, various subsidies, accommodation, vehicles, etc. received by the Directors for being an employee concurrently (including concurrently holding the position of General Manager, Deputy General Manager, other executive officers, or employees) in the most recent fiscal year. If housing, vehicle and other means of transportation or personal expense are provided, the nature and cost of the asset provided, the rentals calculated based on actual or fair market value, fuel, and other payments shall be disclosed. If a driver is hired, please disclose the amount of salaries paid by the Company to the driver as a footnote. However, this amount shall not be included in the remuneration. Salary expenses recognized pursuant to IFRS 2 "Share-based Payment", including employee stock options, restricted stock award shares, and share subscription at capital increase by cash shall be included as remuneration.

Note 6: Directors who hold concurrent positions as employees (including the position of General Manager, Deputy General Manager, other executive officers, or employees) and are entitled to employee remuneration (including stocks and cash) shall disclose the amount of employee remuneration approved in the Board of Directors' meeting in the most recent fiscal year. If the amount cannot be estimated, please calculate by using the actual distribution amount and percentage of last year. Also, Table 1-3 shall be filled out.

Note 7: The sum of various remunerations paid to the Company's Directors by all consolidated entities (including the Company) shall be disclosed.

Note 8: For the sum of various remunerations paid to each Directors by the Company, the name of each Director shall be disclosed in the proper range.

Note 9: For the sum of various remunerations paid to the Company's Directors by all consolidated entities (including the Company), the name of each Director shall be disclosed in the proper range.

Note 10: Net income after taxes refers to net income after taxes in the most recent fiscal year. If IFRSs have been adopted, net income after taxes refers to net income after taxes recorded in the parent company only or individual financial statements of the most recent fiscal year.

Note 11:

a. The amount of remuneration received by the Company's Directors from investees other than subsidiaries of the Company shall be stated clearly in this column.

b. If the Company's Directors received remuneration from investees other than subsidiaries of the Company, the amount received shall be included in I column of the Remuneration Range Table and the name of the field shall be changed to "All Investees".

c. Remuneration in this case shall refer to salaries, compensations (including remuneration received as an employee, director, or supervisor), allowances, and other related remunerations received by the Company's Directors for being a Director, Supervisor, or managerial officer of investees other than subsidiaries.

\* The remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for information disclosure, not for taxation.



Table of Remuneration Ranges

Range of remuneration paid to directors	Names of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies in the Consolidated Financial Statements H (Note 9)	The Company (Note 8)	All Companies in the Consolidated Financial Statements I (Note 9)
Less than NT\$1,000,000	9 people, including Hung-Tze Jan, Kevin Tsai, Bruce Chou, Vicky Tseng, Johnson Fong, Ryan Kuo, T.H. Tung, Hochen Tan and Margaret Huang.		6 people, including Vicky Tseng, Johnson Fong, Ryan Kuo, T.H. Tung, Hochen Tan and Margaret Huang.	
NT\$1,000,000 (inclusive) to 2,000,000 (exclusive)	0	0	0	0
NT\$2,000,000 (inclusive) to 3,500,000 (exclusive)	0	0	0	0
NT\$3,500,000 (inclusive) to 5,000,000 (exclusive)	0	0	0	Vicky Tseng
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	0	0	Bruce Chou	Bruce Chou
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	0	0	0	0
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	0	0	Hung-Tze Jan	Hung-Tze Jan
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	0	0	Kevin Tsai	Kevin Tsai
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	0	0	0	0
NT\$100,000,000 and above	0	0	0	0
Total	9 people	9 people	9 people	9 people

## (II) Remuneration paid to the General Manager and Deputy General Managers (amounts are aggregated and names are disclosed in the proper range)

Unit: NT\$ thousands Mar. 31, 2021

Title Name	Base Remuneration (A) (Note 2)		Severance Pay (B)		Bonus and Allowances, etc. (C) (Note 3)		Employee Remuneration (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) and as a % of Net Income (%) (Note 8)		Compensation Paid to Directors from Non- Consolidated Entities From (Note 9)
	The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company		From All Consolidated Entities (Note 5)		The Company	From All Consolidated Entities (Note 5)	
							Cash	Stock	Cash	Stock			
Chairman Hung-Tze Jan													
General Manager Kevin Tsai													
Deputy General Manager Leo Lu													
Deputy General Manager Yu-Shu Hu													
Deputy General Manager Chen, Han-Chi													
Deputy General Manager Bruce Chou	28,852	31,744	0	0	60,143	63,941	550	0	683	0	89,545 91.9%	96,368 154.8%	None
Deputy General Manager Vicky Tseng													
Deputy General Manager Cheng-Ching Wei													
Deputy General Manager Wen-Hsiong Cai													
Deputy General Manager													

Scott Chen														
Deputy General Manager Nikki Lin														
Deputy General Manager Xiaohui Hu														
Deputy General Manager Geena Lin														

Table of Remuneration Ranges

Range of Remuneration Paid to the General Manager and Deputy General Managers of the Company	Names of General Manager and Deputy General Managers	
	The Company (Note 6)	The Company in the financial report(Note 7) (E)
Less than NT\$1,000,000	6 people, including Vicky Tseng, Cheng-Ching Wei, Wen-Hsiung Cai, Nikki Lin, Geena Lin and Xiaohui Hu.	4 people, including Cheng-Ching Wei, Nikki Lin, Geena Lin and Xiaohui Hu.
NT\$1,000,000 (inclusive) to 2,000,000 (exclusive)	0	0
NT\$2,000,000 (inclusive) to 3,500,000 (exclusive)	Yu-Shu Hu and Scott Chen	Yu-Shu Hu, Scott Chen and Wen-Hsiung Cai
NT\$3,500,000 (inclusive) to 5,000,000 (exclusive)	Leo Lu	Leo Lu, Vicky Tseng
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Bruce Chou, Chen, Han-Chi	Bruce Chou, Chen, Han-Chi
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	0	0
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	Hung-Tze Jan	Hung-Tze Jan
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	Kevin Tsai	Kevin Tsai
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	0	0
NT\$100,000,000 and above	0	0
Total	13 people	13 people

- Note 1: Names of the General Manager and Deputy General Managers shall be listed separately and the amount of remuneration shall be disclosed in aggregate. If the director is also the General Manager or deputy general manager, this form and the above table (1-1) or (1-2) should be filled out.
- Note 2: This refers to salaries, allowances and severance pay of General Manager and Deputy General Managers in the most recent fiscal year.
- Note 3: This refers to bonuses, incentive pay, transport fee, special allowance, various subsidies, accommodation, vehicles, etc. provided to General Manager and Deputy General Managers in the most recent fiscal year. If housing, vehicle and other means of transportation or personal expense are provided, the nature and cost of the asset provided, the rentals calculated based on actual or fair market value, fuel, and other payments shall be disclosed. If a driver is hired, please disclose the amount of salaries paid by the Company to the driver as a footnote. However, this amount shall not be included in the remuneration. Salary expenses recognized pursuant to IFRS 2 "Share-based Payment", including employee stock options, restricted stock award shares, and share subscription at capital increase by cash shall be included as remuneration.
- Note 4: This refers to employee remuneration (including stocks and cash) to General Manager and Deputy General Managers approved in the Board of Directors' meeting in the most recent fiscal year. If the amount cannot be estimated, please calculate by using the actual distribution amount and percentage of last year. Also, Table 1-3 shall be filled out. Net income after taxes refers to net income after taxes in the most recent fiscal year. If IFRSs have been adopted, net income after taxes refers to net income after taxes recorded in the parent company only or individual financial statements in the most recent fiscal year.
- Note 5: The sum of various remunerations paid to the Company's General Manager and Deputy General Managers by all consolidated entities (including the Company) shall be disclosed.
- Note 6: For the sum of various remunerations paid to General Manager and Deputy General Managers by the Company, the name of each General Manager and Deputy General Managers shall be disclosed in the proper range.
- Note 7: For the sum of various remunerations paid to the Company's General Manager and Deputy General Managers by all consolidated entities (including the Company), the name of General Manager and Deputy General Managers shall be disclosed in the proper range.
- Note 8: Net income after taxes refers to net income after taxes in the most recent fiscal year. If IFRSs have been adopted, net income after taxes refers to net income after taxes recorded in the parent company only or individual financial statements of the most recent fiscal year.
- Note 9:
- a. The amount of remuneration received by the Company's General Manager and Deputy General Managers from investees other than the Company's subsidiaries or the parent company shall be stated clearly in this column.
  - b. If the Company's General Manager and Deputy General Managers received remuneration from investees other than the Company's subsidiaries or the parent company, the amount received shall be included in E column of the Remuneration Range Table and the name of the field shall be changed to "Parent Company and All Investees".
  - c. Remuneration in this case shall refer to salaries, remunerations (including remuneration received as an employee, director, or supervisor), allowances, and other related remunerations received by the Company's General Manager and Deputy General Managers for being a director, supervisor, or managerial officer of investees other than subsidiaries or the parent company.
- \* The remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for information disclosure, not for taxation.

## (III) Employees remuneration paid to executive officers

Unit: NT\$ thousands Mar. 31, 2021

	Title	Name	Stock	Cash	Total	% of Net Income
General Manager	Chairman	Hung-Tze Jan				
	General Manager	Kevin Tsai				
	Deputy General Manager	Leo Lu				
	Deputy General Manager	Yu-Shu Hu				
	Deputy General Manager	Chen, Han-Chi				
	Deputy General Manager	Bruce Chou				
	Deputy General Manager	Cheng-Ching Wei				
	Deputy General Manager	Wen-Hsiong Cai				
	Deputy General Manager	Xiaohui Hu				
	Deputy General Manager	Scott Chen	0	600	600	0.62%
	Deputy General Manager	Nikki Lin				
	Deputy General Manager	Geena Lin				
	Deputy General Manager	Vicky Tseng				
	Assistant Vice President	Ying-Hsuan Chao				
	Assistant Vice President	Zan-Yuan Chen				
	Assistant Vice President	Kun-Ju Han				
	Assistant Vice President	Shih-Hao Fang				
	Assistant Vice President	Wayvi Wan				

Note 1: The company may opt either to disclose aggregate remuneration information, with the name(s) indicated for each remuneration range, or to disclose the name of each individual and the corresponding remuneration amount.

Note 2: The amount of the remuneration paid (including stock and cash) approved by the board of directors in 2022 is to be listed here. However, if said amount cannot be estimated, the proposed remuneration paid for this year is then calculated in proportion to the actual remuneration paid last year. The net income after tax referred herein is the net income after tax for the year 2021; for those who have adopted IFRSs, the net income after tax shall refer to the net income after tax of the most recent year of individual or separate financial reports.

Note 3: The applicable scope of managerial officers, as stipulated by the FSC's Tai-Cai-Zheng-San-Zi No. 0920001301 Letter Order dated March 27, 2003, is as follows:

- (1) General Manager and those equivalent hereto
- (2) Deputy General Manager and those equivalent hereto
- (3) Assistant General Manager and those equivalent hereto

- (4) Finance Department Chief
- (5) Accounting Department Chief
- (6) Those who have the right to manage affairs and sign for the company.

Note 4: If directors, general manager and deputy general managers do receive remuneration paid (including stock and cash), in addition to filling in Table 1 and 2, the Table herein shall be also filled in.

Note 5: The information on the remuneration paid to the managerial officers in office at the end of the year 2021 is presented here. For details of changes in personnel, please refer to the table listing general managers, deputy general manager, assistant general managers, department chiefs and branch chiefs.

(IV) If any of the following applies to the company, it shall disclose the remuneration paid to each individual director:

1. Where a company that has posted after-tax deficits in the parent company only financial reports or individual financial reports within the three most recent fiscal years: None.
2. Where a company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year: None.
3. Where a company that has had an average ratio of share pledging by directors or supervisors in excess of 50 percent in any 3 months during the most recent fiscal year, the remuneration paid to each individual director or supervisor having a ratio of pledged shares in excess of 50 percent for each such month shall be disclosed: None.
4. Where the total amount of remuneration received by all of the directors in their capacities as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, and the remuneration received by any individual director exceeds NT\$15 million: None.
5. Where a company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEX, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation: None.
6. And where the average annual salary of the full-time non-supervisory employees in a TWSE or TPEX listed company is less than NT\$500,000 in the most recent fiscal year: None.

(V) Analysis of the total remuneration paid to the Company's Directors, General Managers, and Deputy General Managers by the Company and all consolidated entities in the most recent two years as a percentage of net income, and explanation on the remuneration policy, standards and packages, determination procedures, and correlation with business performance

1. Total remuneration paid to the Company's Directors, Supervisors, General Managers, and Deputy General Managers by the Company in the most recent two years as a percentage of net income

Unit: %

Title \ Year	Percentage of Total Remuneration to Net Income			
	2020		2021	
	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities
Director	22.26%	26.93%	74.9%	123.6%

General Manager and Deputy General Manager	24.79%	31.26%	91.9%	154.8%
--	--------	--------	-------	--------

Note: The information here in this table shows the amount of the remuneration paid to directors, general manager and deputy general managers for the FY 2021 approved by the board of directors in 2022. Therefore, the calculation of total remuneration paid as a percentage of net income after tax in this column is a provisional estimate.

## 2. Remuneration policy, standards and packages, determination procedures, and correlation with business performance and future risks

### (1) Policies, Standards and Packages for the Remuneration Paid

A. The Company's remuneration standard for Directors was approved by the Board of Directors and submitted to the shareholders' meeting for approval in the FY 2005. If the Directors hold concurrent positions as employees, additional remunerations are provided in accordance with the provisions of B and C below.

B. The appointment, discharge and remuneration of the Company's General Manager and Deputy General Managers shall be handled in accordance with the Company's rules. Remuneration standards are set by the Company's human resources department in accordance with the Company's performance assessment rules. Principles are determined based on individual performance, his/her contribution to the Company's overall operation, and peers' standards within the industry. Procedures are carried out in accordance with the Company's "Rules Governing Salaries" and "Rules Governing Employee Remuneration", and the distribution of bonus and remunerations to managers is determined by operation performance.

C. The Company's remuneration policy is based on individual capability, contribution to the company, and performance, and it has a positive correlation with operation performance. Also, as the Company has controlled future risks, the correlation between remuneration policy and future risks is relatively low. There are three major parts to the remuneration package: base salaries, bonuses and employee remunerations, and benefits. With regard to remuneration standards, the base salaries are approved based on the market rate of employee's position, bonuses and employee remuneration are given in connection with achievement rates of employees or departments, or the Company's operation performance; benefits packages are designed in compliance with regulatory requirements and to meet employees' needs.

### (2) Procedures for Determining the Remuneration Paid

A. For the purpose of periodically evaluating the remuneration paid to directors and managerial officers, the Company would determine said remuneration paid based on the evaluation results obtained by applying its "Rules and Methods for the Performance Assessment of the Board of Directors" and "Rules and Methods of Performance Management" applicable to the Company's managerial officers and employees respectively.

B. The performance appraisals of the Company's directors and managerial officers and the reasonableness of their remuneration paid are regularly evaluated and reviewed by the Remuneration Committee and the Board of Directors on an annual basis. Said performance appraisals refer to the individual's performance achievement rate and contribution to the Company, as well as the Company's overall operational performance, future risks and development trends of the industry. The remuneration system is also reviewed in a timely manner from time to time in light of the actual operating conditions and relevant laws and regulations. The actual amount of remuneration paid to the Company's directors and managerial officers

for the FY 2021 is subject to a review

by the Remuneration Committee and then an approval by the Board of Directors.

(3)Correlation with the Company's Operating Performance and Future Risks

A.The Company's remuneration policy and related payment standards and systems are determined with the Company's overall operating conditions as the primary consideration. The payment standards are approved according to the performance achievement rate and contribution, so as to improve the overall organizational team performance of the board of directors and managerial departments. The Company also makes reference to industry remuneration standards to ensure that the remuneration paid to our managerial level is competitive in the industry, so as to retain the best management talents.

B.As the Company has managed its future risks, its remuneration policy is less relevant to future risks. Since the managerial officers' performance objectives are slightly integrated with "risk management", their actual performance evaluation results are linked to all related human resources and related remuneration policies.



**IV. Corporate Governance Implementation****(I) Board of Directors' meetings**

The Company set up an Audit Committee to replace the positions and authority of Supervisors. 9 Directors (including 3 Independent Directors).

The Board of Directors convened ten Board meetings in the FY 2021 (A). The attendance of Directors is as follows:

2021.12.31

Title	Name (Note 1)	Attendance in Person B	Attend ance by Proxy	Attendance Rate (%) (B/A) (Note 2)	Remarks
Chairman of the Board	Hung-Tze Jan	10	0	100%	Re-elected
Director	Kevin Tsai	10	0	100%	Re-elected
Director	Bruce Chou	5	0	100%	Assuming office on July 29, 2021
Director	Jerry Hsu	4	1	80%	Leaving office in in July 29, 2021
Director	Site Inc. Representative: Vicky Tseng	10	0	100%	Re-elected
Director	Site Inc. Representative: Johnson Fong	8	0	80%	Re-elected
Director	Site Inc. Representative: Kun-Ju Han	3	0	100%	Assuming office on July 29, 2021 Leaving office on November 1, 2021
Director	Site Inc. Representative: Ryan Kuo (newly appointed)	2	0	100%	Assuming office on November 1, 2021
Independent Director	T.H. Tung	5	0	100%	Assuming office on July 29, 2021
Independent Director	Hochen Tan	5	0	100%	Assuming office on July 29, 2021
Independent Director	Margaret Huang	3	0	60%	Assuming office on July 29, 2021
Independent Director	Chang-Sung Yu	5	0	100%	Discharged in in July 29, 2021
Independent Director	Shao-Hua Huang	5	0	100%	Discharged in in July 29, 2021
Independent Director	Yuan Li	5	0	100%	Discharged in in July 29, 2021

Other mentionable items:

I. The date, session, content of the motion, opinions of all independent directors and the Company's means of processing the opinions of independent directors shall be specified if one of the following circumstances occurred in the operation of the board of directors:

(I) Matters listed under Article 14-3 of the Securities and Exchange Act: Not applicable. Since the Company has established an audit committee, it shall be subject to matters listed under Article 14-5 of the Securities and Exchange Act instead.

(II) Other Board resolutions recorded and stated in writing with opposing or reserved opinions from Independent Directors other than those mentioned above: None. There was no objection or reservation from the Independent Directors in 2021.

II. For Directors' implementation on the avoidance of interest-related motions, the Directors' names, content of the motion, causes for the recusal, and participation in voting shall be specified: March 2021, as representative of corporate Director, Vicky Tseng and Kevin Tsai, had a conflict of interest on matters pertaining to employee remuneration to executive officers, salary adjustments of senior executives, evaluation on salary of individual senior executive, and year-end bonus, they were recused from discussion and voting of those matters. In August 2021, Vicky Tseng, a corporate director representative, and Kevin Tsai, a director, had a conflict of interest on a treasury share case, they were recused from discussion and voting of said treasury share case.

III. The TWSE/TPEX-Listed Companies shall disclose the information of the Board's self- (or peer) evaluation on its cycle and period, scope, manner and content thereof. The Company formulated and approved its "Self-Evaluation or Peer Evaluation of the Board of Directors of PChome Online Inc." on May 13, 2020, and completed its (2021) self-evaluation in March, 2022.

Evaluation Frequency	Evaluation Period	Scope	Evaluation Method	Evaluation Details
Once a year	8/2021~12/2022	Board of Directors, Individual Board Members and Functional Members	Internal self-evaluation of the Board and self-evaluation of Board members	(Note 1)

Note 1: The evaluation includes the following items in accordance with the scope of the evaluation:

- (1) Board performance evaluation: At a minimum, the evaluation shall cover the degree of the Board's involvement in the Company's operations, the quality of Board decisions, the composition and structure of the Board, the election and continuing education of directors, and internal controls.
- (2) Performance evaluation of individual board members: At a minimum, the evaluation shall cover individual director's mastery of the Company's objectives and tasks, awareness of responsibilities, participation in the Company's operations, management and communication of internal relations, professional and continuing education and internal controls.
- (3) Evaluation of performance for the individual board members: participation in the operation of the Company, awareness of the duties of the functional committee, the quality of decisions made by the functional committee, makeup of the functional committee and election of its members, and internal control.

Under the "Rules Governing the Evaluation of the Performance of the Board of Directors" approved by the Board of Directors on May 13, 2020, the Company's Board of Directors

shall conduct an internal evaluation of the performance of the Board of Directors at least once a year by the end of each year. Said internal evaluation is divided into a self-evaluation of the performance of the Board of Directors (including its functional committees) and a self-evaluation of individual Board member's performance.

The Company has conducted a self-evaluation of the Board of Directors' performance for the FY 2021 in accordance with the aforesaid self-evaluation rules. The self-evaluation was conducted by means of a questionnaire, and the results of the evaluation were presented in five levels: Number 1: Very poor (strongly disagree); Number 2: Poor (disagree); Number 3: Moderate (average); Number 4: Excellent (agree); Number 5: Excellent (strongly agree). The statistics of said self-evaluation results and the direction of continuous enhancement were also presented at the Board of Directors' meeting on February 25, 2022. The self-evaluation results at this time are as follows:

1. Board's self-evaluation:

- (1) Evaluation aspects: There are 42 items in five aspects: participation in company operations, improvement of the quality of board decisions, board composition and structure, selection and continuing education of directors, and internal control.
- (2) Self-evaluation results: Excellent, with average 4.95 points.

2. Self-evaluation of functional committees:

- (1) Evaluation aspects: There are 24 items in five aspects: the degree of participation in the operation of the company, the understanding of the responsibilities of the functional committees, improving the decision-making quality of the functional committees, the composition and selection of members of the functional committees, and the internal control thereof.
- (2) Self-evaluation results: Excellent, with average 4.875 points.

3. Board members' self-evaluation:

- (1) Evaluation aspects: There are 20 items in six aspects: mastery of company goals and tasks, awareness of directors' responsibilities, participation in company operations, management and communication of internal relations, professional and continuing education of directors, and the internal control thereof.
- (2) Self-evaluation results: Excellent, with average 4.378 points.

IV. Objectives of strengthening the functionality of the Board of Directors in the current year and the most recent fiscal year (e.g., setting up the Audit Committee, enhancing information transparency, etc.), and evaluation of the execution thereof:

The Company approved the election of three independent directors and the establishment of an audit committee consisting of three independent directors in lieu of supervisory duties at the regular shareholders' meeting held on July 29, 2021. The audit committee meets at least once quarterly and is responsible for the proper presentation of the Company's financial statements, the selection (dismissal) and independence and performance of the certified public accountants, the effective implementation of the Company's internal controls, the Company's compliance with relevant laws and regulations, and the control of the Company's existing or potential risks, etc. The audit committee is currently in smooth operation.

The Company has amended its "Rules of Procedure for the Board of Directors' Meetings" in compliance with the amendments to the "Regulations Governing Procedure for Board of Directors Meeting of Public Companies" by the Financial Supervisory Commission on July 28, 2017, uploaded the attendance status of Board of Directors' meetings at the Market Observation Post System (MOPS), disclosed material resolutions of the Board of Directors meeting at the corporate website, and purchased liability insurance for all Directors and Supervisors.

The Company's first Remuneration Committee was formally established on December 23, 2011, and the Remuneration Committee Charter was drawn up. The second Remuneration Committee was appointed by a resolution of the Board of Directors on June 27, 2012. It was responsible for formulating and regularly reviewing the policies, systems, standards and structures of Directors' and executive officers' performance assessment and remunerations, as well as regularly evaluating and formulating remuneration to Directors and executive officers, employee stock option programs and remuneration plans, or other employee incentive schemes. The third-term Remuneration Committee was appointed by a resolution of the Board of Directors on June 30, 2015. It consisted of three Independent Directors. All relevant personnel had attended the Remuneration Committee meeting in person for questions and discussion. After the general election of directors and supervisors at the shareholders' meeting on July 29, 2021, the Company appointed the fourth Remuneration Committee member on August 2, 2021 to establish the Remuneration Committee. All relevant personnel had attended the Remuneration Committee meeting in person for questions and discussion. The Remuneration Committee is currently in smooth operation.

The Company continues to strengthen corporate governance and relevant procedures and rules are available on the Company's website. The Company has always been committed to the principles of information transparency and actively safeguards the shareholders' interests. Key resolutions from the Board of Directors' meeting are disclosed at the MOPS and corporate website.

## (II) Operations of the Audit Committee

### 1. Operations of the Audit Committee:

The Company's second Audit Committee, consisting of three independent directors, was formally established on July 29, 2021. Hochen Tan, an independent director, was elected to serve as the committee's convener. The committee members, meeting at least once quarterly, shall be responsible for the audit of the fair presentation of the Company's financial statements, the selection (dismissal) and independence and performance of the certified public accountants, the effective implementation of the Company's internal controls, the Company's compliance with relevant laws and regulations, and the control of the Company's existing or potential risks and the like. The audit committee's major responsibilities are as follows:

- (1) Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Evaluation of the effectiveness of the internal control system.
- (3) Adoption or amendment of the procedures for significant financial or business conducts, e.g., Procedures for Acquisition or Disposal of Assets, Procedures for Derivative Transactions,

Procedures for Lending Funds to Other Parties, and Procedures for Endorsement and Guarantee, pursuant to Article 36-1 of the Securities and Exchange Act.

- (4) Matters related to the Directors' own interests.
- (5) Significant asset or derivative transactions.
- (6) Significant lending, endorsement or provision of guarantees.
- (7) Offering, issuance or private placement of equity-type marketable securities.
- (8) The appointment, discharge and remuneration of CPAs.
- (9) The appointment and discharge of finance, accounting or internal auditing officers and managers.
- (10) Annual and semi-annual financial reports.
- (11) Other significant matters as required by the Company or the competent authority.

The Audit Committee convened eight meetings in 2021 (A). The attendance is as follows:

Title	Name	Attendance in Person (B)	Attendance Rate (%) (B/A)	Remarks
Audit Committee member	Hochen Tan	4	100%	Assuming office on July 29, 2021
Audit Committee member	T.H. Tung	4	100%	Assuming office on July 29, 2021
Audit Committee member	Margaret Huang	3	75%	Assuming office on July 29, 2021
Audit Committee member	Chang-Sung Yu	4	100%	Discharged in in July 29, 2021
Audit Committee member	Shao-Hua Huang	4	100%	Discharged in in July 29, 2021
Audit Committee member	Yuan Li	4	100%	Discharged in in July 29, 2021

Other mentionable items:

I. The date, session, content of the motion, resolution of the Audit Committee and the Company's means of processing the opinions of the Audit Committee shall be specified if one of the following circumstances occurred in the operation of the Audit Committee:

(I) Matters listed under Article 14-5 of the Securities and Exchange Act:

Date of Meeting	Content of Motion	Opinions of all Independent Directors and the Company's handling of these opinions
2021.02.25	Approval of 2020 financial statements.	Approved by all Independent Directors
2021.03.16	Review and approval of 2021 CPA fees	Approved by all Independent Directors
2021.08.06	Approval of 2021 financial statements for the Second Quarter.	Approved by all Independent Directors
2021.09.17	Approval of the private placement case and the equity exchange case of Pi Mobile Technology Inc.	Approved by all Independent Directors

Date of Meeting	Content of Motion	Opinions of all Independent Directors and the Company's handling of these opinions
2021.11.03	Appointment of the Company's internal auditing officer	Approved by all Independent Directors
2022.02.25	Approval of 2021 financial statements.	Approved by all Independent Directors
2022.03.23	Review and approval of 2022 CPA fees	Approved by all Independent Directors

(II) Except for the foregoing, other matters that were not approved by the Audit Committee but were approved by more than two-thirds of all Directors: None. There was no objection or reservation from the Independent Directors in 2021.

II. Implementation of the Independent Directors' avoidance of motion with conflict of interests, please specify the Independent Director's name, content of the motion, reasons for the avoidance of conflict of interests, and participation in voting: None. Each member of the Audit Committee has fully expressed his/her opinions.

III. Communication between the Independent Directors and internal auditing officer and CPAs (include major topics, methods and results relating to the Company's financial and business status that shall be communicated):

(I) There are channels of direct contact between the Independent Directors and internal auditing officer and the Certified Public Accountant and the communication condition is good;

(II) The Company convenes the Audit Committee meeting on a regular basis, inviting CPAs and internal auditing officer to attend and related supervisors if necessary;

(III) The internal auditing officer submits summarized auditing report to the Audit Committee on a monthly basis according to the annual audit plan;

(IV) Evaluate the independence of the CPAs annually and submit the outcome to the Audit Committee for review; and

(V) There are channels of direct contact between the member of Audit Committee and internal auditing officer and the CPAs and the communication condition is good. The internal auditing officer regularly reports to the Audit Committee based on the annual audit plan and cooperate with the routine internal control audits conducted by CPAs. For the Board of Directors' meetings, CPAs would attend to provide relevant opinions, and the internal auditing officer would submit audit reports. While reviewing the financial reports, Audit Committee members would discuss relevant finance and business matters within the statements with CPAs and their key opinions shall be documented in the meeting minutes.

IV. Annual work priorities and operations:

(I) Annual work priorities

1. Regularly communicate the audit report results with the internal audit officer according to the annual audit plan.

2. Regularly communicate with the Company's CPAs on the review or audit results of the financial statements of each quarter.

3. Review financial reports.

4. Assess the effectiveness of the Company's internal control system.

5. Review the appointment, dismissal, remuneration and services of

6. Evaluate the independence of the Company's CPAs.

7. Review assets, derivatives, capital loans, endorsements and guarantees and related transactions.

8. Regulatory compliance

(II) Operations in 2021: All Audit Committee proposals were subject to the Audit Committee's review or approval. No objections were raised by the independent directors.

## (I) Corporate governance implementation status and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation Item	(Note 1) Implementation Status		Discrepancy with best-practice principles of TWSE/GTSM listed companies	
	Yes	No		Summary (Note 2)
I. Has the Company established and disclosed the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has established the "Corporate Governance Best-Practice Principles" which contains regulations governing the establishment of an effective corporate governance structure, protection of shareholders' rights, enhancement of Board functions, realization of Audit Committee functions, respect for stakeholders' rights and enhancement on information transparency. To access the Corporate Governance Best-Practice Principles, please visit <a href="https://corporate.pchome.com.tw/about_us/internal_policies.php?item_id=32&amp;lang=2">https://corporate.pchome.com.tw/about_us/internal_policies.php?item_id=32&amp;lang=2</a> .	None
II. Shareholding structure & shareholders' rights				
(I) Has the Company established an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The Company instructs relevant departments, including investor relations, stock affairs, legal affairs, etc., to handle shareholder suggestions, doubts, disputes, and litigations in accordance with internal operating procedures, and to proceed in accordance with the procedures.	None
(II) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shareholders?	✓		In accordance with Article 25 of the Securities and Exchange Act, the Company reports monthly on the Securities and Futures Bureau-designated MOPS to announce to the public the class and numbers of the shares held by its directors, supervisors, managerial officers, and shareholders holding more than ten percent of the total shares of the Company. The Company is always in control of shareholding status of Directors, managers, and major shareholders with 10% or more shareholdings.	None
(III) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	✓		In addition to the various risk control mechanisms already established by the Company, there are procedures in place to govern the operation, business and finance transactions between the Company and its affiliates. Besides assisting subsidiaries with formulating a written control system, the subsidiaries' level of authority, management over related party transactions, and operation procedures for transactions of specific companies, related parties and group enterprises are established. Also, the Procedures for Acquisition or Disposal of Assets, Procedures for Endorsement and Guarantee subsidiaries, Procedures for Lending Funds to Other	None



Evaluation Item	(Note 1) Implementation Status		Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	
			Parties, and Procedures for Derivative Transactions are formulated in reference to the parent company's procedures for a comprehensive implementation of risk control mechanism concerning subsidiaries. The subsidiary has established its own risk control mechanisms, and set up the risk control mechanism and firewall with its affiliates according to the relevant operating procedures of the Company.
(IV) Does the Company establish internal rules against insiders trading with undisclosed information?	✓		The Company has established internal rules to prevent insiders from using undisclosed information to trade marketable securities and as the basis for the Company's material information handling and disclosure mechanisms.
III. Composition and responsibilities of the Board of Directors			
(I) Does the Board formulate a diversity policy, specific management objectives and implement them in relation to the composition of the Board?	✓		<p>The Company respects the policy of diversity of directors in order to strengthen corporate governance and to promote the sound development of the composition and structure of the Board, and believes that the diversity approach will help to enhance the overall performance of the Company. The Board members come from a variety of professional backgrounds and fields of work to achieve a diverse board structure, including gender, age, nationality, culture, professional background (e.g., legal, accounting, industrial, financial, marketing or technology), expertise and industry experience, as well as business judgment, operational management, leadership and crisis management skills. The Board also plans for board seats towards the direction of gender balance.</p> <p>To strengthen the functions of the Board and achieve the desired objectives of corporate governance, Article 20 of the Company's "Corporate Governance Best-Practice Principles" states that the Board of Directors as a whole shall have the following competencies: 1. Competency of operational judgment 2. Competency of accounting and financial analysis 3. Competency of business management 4. Competency of crisis management 5. Industry knowledge 6. International market view 7. Leadership 8. Decision-making capacity</p> <p>The Company's current board member diversity policy and its implementation are described on page 20 below.</p>

Evaluation Item	(Note 1) Implementation Status		Discrepancy with best-practice principles of TWSE/GTSM listed companies	
	Yes	No		Summary (Note 2)
(II) Other than Remuneration and Audit Committees which are required by laws, does the Company plan to set up other functional committees?		✓	The Company has set up the Remuneration Committee and the Audit Committee according to laws, and will set up other functional committees in the future if the need arises.	None
(III) Has the Company formulated rules and methods for the performance assessment of the Board of Directors and evaluate the Board performance every year? Is the outcome of performance assessment submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director?	✓		<p>To enhance the efficiency of the Board of Directors' operation and the quality of governance, the Company promoted the implementation of the Board of Directors' performance evaluation system in the FY 2020 by formulating the "Rules Governing the Evaluation of the Performance of the Board of Directors" in compliance with the purpose of the "Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies", through which the evaluation process was conducted. The Company also formulated and approved the "Self-Evaluation or Peer Evaluation of the Board of Directors of PChome Online Inc." on May 13, 2020, and completed the self-evaluation for the FY 2020 in November of the same year.</p> <p>The evaluation shall be carried out at least once a year in accordance with the aforesaid evaluation regulations through internal self-evaluation by the Board of Directors, self-evaluation by Board members, peer evaluation or other appropriate means, and the evaluation results shall be submitted to the Board of Directors for review and improvement. The performance evaluation shall be carried out by a person or unit having a fair, objective and independent role and has no direct interest in the operation of the units under evaluation. The performance evaluation of Board members shall cover the following six aspects: Mastery of goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control;</p> <p>Based on the Company's corporate governance philosophy, the primary responsibilities of the Board are to supervise and assess the performance of management team, appoint and discharge executives, resolve important matters and offer guidance to the management team. The Company's Board members have vast experience in company operations or specialized fields, and hold fast to extremely</p>	None

Evaluation Item	(Note 1) Implementation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary (Note 2)	
			high moral standards and their commitments to the Company. Board meetings are held quarterly to not only resolve proposals but also discuss business strategies and future directions with the management team in order to create maximum benefits for shareholders.	
(IV) Has the Company periodically evaluate the independence of the CPAs?	✓		The Company cooperates with a globally renowned CPA firm. The CPAs have no conflict of interest with the Company and they are professional and independent auditors. To strengthen the independence and familiarity of the CPAs with the Company's business, the Company conducts an annual internal evaluation of the CPAs' independence, suitability and performance. The evaluation results are also submitted to the Audit Committee and the Board for discussion, so as to implement corporate governance and enhance the functions of the Board. If there is a replacement of CPA, the Company will try to understand the reasons for the replacement and submit the new CPA's personal profile to the Audit Committee for review and then to the Board of Directors for approval.	None
IV. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief corporate governance officer to handle matters pertaining to corporate governance (including but not limited to provide information required for business execution by Directors and Supervisors, assist Directors and Supervisors with regulatory compliance, handle matters pertaining to board meetings and shareholders' meetings	✓		The Company has relevant personnel in charge of corporate governance matters. Be responsible for the provision of information required for business execution by Directors, the handling of matters relating to Board meetings and Shareholders' Meetings according to laws and regulations, the handling of corporate registration and amendment registration, and the preparation of minutes of Board meetings and shareholders meetings, with the intent of securing shareholders' rights and enhancing Board functions.	None

Evaluation Item	(Note 1) Implementation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary (Note 2)	
according to laws and regulations, produce minutes of Board meetings and shareholders meetings, etc.)?				
V. Has the Company established a communication channel with its stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a stakeholder relations section on the corporate website to appropriately respond to corporate social responsibilities issues that are essential to stakeholders?	✓		The Company has established a CSR section, a stakeholder contact area, a spokesperson system, a website, and other channels to provide the Company's latest information and communication channels, as well as corresponding windows for business management and operational projects. In addition, the Company's stakeholders can utilize the stakeholder contact area to contact the Company's Audit Office or the corresponding stakeholder contact window in charge for the suggestions, concerns or complaints raised. Depending on situations, the Company assigns the departments of investor relations, stock affairs, human resources, customer service, procurement and the like to communicate with our stakeholders, and provides the contact information of spokespersons and relevant business departments on the Company's website.	None
VI. Has the Company appointed a professional shareholder service agency to organize the shareholders' meetings?	✓		The Company appointed the Stock Affairs Agency Department of Taishin Securities Co., Ltd. as the Company's share affairs agent, which also handles all kinds of shareholders' meeting affairs for the Company.	None
VII. Information disclosure				
(I) (I) Has the Company established a corporate website to disclose information regarding the Company's financials, business and corporate governance status?	✓		The Company has set up a corporate website to provide financial, business and other information, and has designated personnel responsible for maintaining the data. Please visit the corporate website for details.	None
(II) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating personnel to handle information	✓		Besides Chinese-language corporate website, the Company has set up an English-language website and had designated personnel responsible for the collection and disclosure of material information as well as a spokesperson communicating with external parties. The audio or video recordings of investor conference are available on the corporate website and relevant information is publicly announced via the MOPS	None

Evaluation Item	(Note 1) Implementation Status		Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	
collection and disclosure, implementing spokesperson system, uploading investor conference recordings to the corporate website)?			website designated by the competent authority.
(III) Does the Company publicly announce and file its annual financial report within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines?	✓		The Company's consolidated and individual financial reports were not announced and reported within two months after the end of the fiscal year, but were announced and reported before the deadline in accordance with the regulations. Moreover, the financial reports for the first, second and third quarters and revenue for each month were also announced and reported on the MOPS website before the prescribed deadline, and the relevant information was simultaneously uploaded to the Company's website.
VIII. Does the Company have other important information to facilitate better understanding of the Company's corporate governance practices (including but not limited to employee rights and welfare, investor relations, supplier relations, rights of stakeholders, continuing education of Directors and Supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and liability insurance for Directors and Supervisors provided by the Company)?	✓	✓	<p>(I) Employee rights and welfare In terms of employee rights and welfare, the Company has drawn up personnel management rules using Labor Standards Act, Act of Gender Equality in Employment, Sexual Harassment Prevention Act, and relevant laws and regulations as the minimum requirements to ensure employees' rights and interests.</p> <p>(II) Investor relations In terms of investor relations, the Company has a dedicated investor relations department serving as the communication channel between the Company and investors. It allows investors to promptly and fully understand the Company's performance and long-term business strategies, and provides best services to investors and domestic and foreign professional investment institutions.</p> <p>(III) Supplier relations The Company has always maintained long-term and good cooperation relationship with its suppliers. All parties have complied with the contract terms to protect each other's legal rights.</p> <p>(IV) Rights of stakeholders In terms of the rights of stakeholders, the Company has established various sound</p>
			None
			None
			None
			None

Evaluation Item	(Note 1) Implementation Status		Discrepancy with best-practice principles of TWSE/GTSM listed companies	
	Yes	No		Summary (Note 2)
	✓		<p>and open communication channels and handled relevant matters by the principle of honesty and in a responsible manner to protect stakeholders' rights and interests.</p> <p>(V) Implementation of risk management policies and risk evaluation measures and implementation of customer relations policies</p> <p>The Company has analyzed and formulated action plans regarding highly likely and influential risks associated with the Company's operational objectives, financial reporting accuracy and fraud prevention, so as to strengthen the corporate governance and build a sound risk management operation.</p> <p>The Company has also established customer service department, regularly reviewed customer feedback, and paid close attention to consumers' rights and interest while maintaining regular business development and maximizing shareholders' interests. Meanwhile, to protect consumers' rights and interests, the Company has obtained the "Global Trust", "Excellent E-Store" and "Online Shopping Compensation of Net Consumer Association" so that consumers can enjoy a safer shopping experience.</p>	None
	✓		<p>(VI) Liability insurance for Directors</p> <p>The Company has taken out liability insurance for its Directors and Supervisors covering their job scopes during their terms of office in order to lower and spread risk of significant damage to the Company and its shareholders due to error or negligence.</p>	None
IX. The improvement status for the outcome of Corporate Governance Evaluation announced by Taiwan Stock Exchange Corporate Governance Center and the priority of pending issues. (Not required for those not listed as the companies under evaluation.)	✓		<p>Since the FY 2021, the Company has been reviewing the results of the annual corporate governance evaluation by a dedicated department item by item, and reviewed the parts improvable. Specific improvement measures have also been formulated for the supplement of information disclosure procedures, the preparation of annual reports and the like. With the aforesaid measures, it is expected to improve the Company's score of each item and corporate governance ranking.</p>	

Note: Regardless of "Yes" or "No" is ticked for operations, a description is required in the Summary column.

(IV) For companies having a remuneration committee, the committee's composition and operations shall be disclosed

1. The Company's Board of Directors establishes the Remuneration Committee pursuant to the approved Remuneration Committee Charter. The Committee's main duties are to fulfill the following functions and submit its recommendations to the Board of Directors for discussion.

(1) Establishes and periodically reviews the performance evaluation and policies, system, standards, and structure of the remunerations for Directors and executive officers.

(2) Regularly assess and determine remuneration of Directors, Supervisors, and executive officers.

2. After the re-election of Directors at the shareholders' meeting on July 29, 2021, the Company had appointed the remuneration members to form the fourth-term Remuneration Committee on August 2, 2021. The Committee shall convene at least two meetings every year and the convener and chairman of the meeting shall be an Independent Director. Ever since its establishment, the Committee has operated smoothly.

## 3.Members of Remuneration Committee

Identity (Note 1)	Conditions Name	Professional qualifications and experiences (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Board Convener and Independent Director	T.H. Tung	<p>He is the co-founder of ASUS group. He once served as a member of the 5th Board of Taiwan Broadcasting System, and is now the chairman of Pegatron Corporation. He received an honorary doctor of engineering degree from National Dong Hwa University. He actively participates in public welfare activities.</p> <p>During his time at Pegatron, he introduced the value stream mapping and 3M-like concepts, leading the way in diversifying design services and OEM production to increase Pegatron's competitiveness across different fields.</p> <p>He partnered with Eslite Corporation to successively launch a series of PEGACASA electronic products of fine quality, smart home and mobile phone peripheral 3C products, contact lenses from Pegavision's subsidiary company, soy milk machines from a home appliance brand and the like without being as a terminal brand, but in line with the world with the concept of designed by Pegatron. He also started to reform the overall OEM and ODM system with innovative integrated services.</p> <p>He is passionate about literary promotion and has been a long-time sponsor of arts and cultural groups, and an active promoter of literary audio-visual aspirations. Besides, He is concerned about Southeast Asian migrant workers in Taiwan</p>	<p>Independence Criteria met:</p> <ol style="list-style-type: none"> <li>1.He, his spouse, or a relative within the second degree of consanguinity are not directors, supervisors, or employees of the Company or its affiliates;</li> <li>2. He, his spouse, or a relative within the second degree of consanguinity (or use another person's name) do not hold shares of the Company;</li> <li>3. He is not a director, supervisor, or employee of a company with which the Company has a specific relationship;</li> <li>4.He has not received any remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years.</li> </ol>	3



Identity (Note 1)	Conditions Name	Professional qualifications and experiences (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
		and has been a long-time sponsor of the Taiwan Literature Award for Migrants.		
Independent Director	Hochen Tan	<p>He holds a bachelor's degree in civil engineering from National Chung Hsing University and a master's degree in urban planning from Virginia Polytechnic Institute and State University. He is currently the chairman of Taiwan Ecological Engineering Foundation. He also used to serve as the political deputy minister of Ministry of Transportation and Communications, the member and CEO of National Land Conservation and Development Advisory Committee of Presidential Office of Republic of China, the commissioner of Department of Transportation of Taipei City Government, the deputy director of Department of Rapid Transit Systems of Taipei City Government, the minister of Ministry of Transportation and Communications, the chairman of Chunghwa Telecom Co., Ltd. and the chairman of Taipei Rapid Transit Corporation.</p> <p>During his tenure at Chunghwa Telecom, in order to strengthen its competitiveness in the market, he continued to promote the privatization of the business unit of the Directorate General of Telecommunications, originally one of the state-owned companies, holding fixed-line, long-distance telephone, and mobile communications businesses, by releasing shares and restructuring the organization. He</p>	<p>Independence Criteria met:</p> <ol style="list-style-type: none"> <li>1.He, his spouse, or a relative within the second degree of consanguinity are not directors, supervisors, or employees of the Company or its affiliates;</li> <li>2. He, his spouse, or a relative within the second degree of consanguinity (or use another person's name) do not hold shares of the Company;</li> <li>3. He is not a director, supervisor, or employee of a company with which the Company has a specific relationship;</li> <li>4.He has not received any remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years.</li> </ol>	1

Identity (Note 1)	Conditions Name	Professional qualifications and experiences (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
		also introduced applied technologies to Chunghwa Telecom, such as Hinet Broadband Internet Services and MOD. All of the aforesaid contributions he made to Chunghwa Telecom allowed smooth progress in the privatization and organizational improvement of Chunghwa Telecom.		
Independent Director	Margaret Huang	She is the CEO and president of Greater China of Leo Burnett Co., Ltd., the largest advertising and social media company in Taiwan. She also serves as the CEOs of Publicis Groupe/Saatchi & Saatchi communications and advertising agency, as well as and MSL Group. Having more than 40 years of rich experience in the advertising industry, the media industry and clients, she, with her unique foresight, took the lead in introducing the marketing trends of Digital, BTL (below the line), Social, Influencer and CRM into all-round communication marketing, and successfully helped customers establish their leading brands. In addition, under her leadership, Leo Burnett, founded in 1984, officially leaped to the top of the advertising industry in Taiwan in 2006 and has maintained its leading position for 11 consecutive years since.	Independence Criteria met: 1.He, his spouse, or a relative within the second degree of consanguinity are not directors, supervisors, or employees of the Company or its affiliates; 2. He, his spouse, or a relative within the second degree of consanguinity (or use another person's name) do not hold shares of the Company; 3. He is not a director, supervisor, or employee of a company with which the Company has a specific relationship; 4.He has not received any remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years.	0

Note 1: Please specify in the form the relevant years of service, professional qualifications and experience and independence circumstances of the Remuneration Committee Members. Please fill in the Identity column a director, independent director or other (please add a note if one is a Board meeting convener.)

The Company's Remuneration Committee Members are the Company's independent directors, as described in connection with the Directors' Profiles on page 3.

Note 2: Professional qualifications and experience: Please describe the professional qualifications and experience of individual remuneration committee members.

Note 3: Independence criteria met: Please describe the independence criteria met by the Remuneration Committee Members, including but not limited to: whether he/she, his/her spouse, or a relative within the second degree of consanguinity are not directors, supervisors, or employees of the Company or its affiliates; whether he/she, his/her spouse, or a relative within the second degree of consanguinity (or use another person's name) do not hold shares of the Company; whether he/she is not a director, supervisor, or employee of a company with which the Company has a specific relationship (, which referring to the provisions of Article 6, Paragraph 1, Subparagraph 5-8 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange"); and whether he/she has not received any remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years.

Note 4: Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

#### 4.Operation of Remuneration Committee

(1)The Company's Remuneration Committee consists of three members.

(2)The term of office: from August 2, 2021 to July 28, 2024. The Remuneration Committee convened four meetings in 2021 (A). The qualification and attendance of members are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	T.H. Tung	3	0	100%	Assuming office on August 2, 2021
Member	Hochen Tan	3	0	100%	Assuming office on August 2, 2021
Member	Margaret Huang	2	0	67%	Assuming office on August 2, 2021
Convener	Chang-Sung Yu	1	0	100%	Discharged on August 2, 2021
Member	Shao-Hua Huang	1	0	100%	Discharged on August 2, 2021
Member	Yuan Li	1	0	100%	Discharged on August 2, 2021

Other mentionable items:

1. If the Board of Directors decline to adopt or amend a recommendation of the Remuneration Committee, the date and session of the Board meeting, content of the motion, resolution and actions taken regarding the Remuneration Committee's opinions shall be specified (if the remuneration package approved by the Board is better than the recommendation made by the Committee, please

specify the discrepancy and its reason): None.

2. As to the Remuneration Committee's resolutions, if a member has objections or reservations with records or in writing, the date and session of the Committee meeting, contents of motions, all members' opinions and actions taken regarding the opinions shall be specified: None.

Note:

- (1) If any member resigned before the end of the year, the resignation date shall be noted in the Remark column. The Attendance Rate (%) shall be calculated based on the number of Remuneration Committee's meeting held and the actual attendance during the term of office.
- (2) If any member was re-elected before the end of the year, incoming and outgoing members shall be listed accordingly, and the status of member, i.e. whether he/she is "Outgoing", "Incoming" or "Re-elected", and the date of re-election shall be indicated in the Remark column. The Attendance Rate (%) shall be calculated based on the number of Remuneration Committee's meeting held and the actual attendance during the term of office.

(V) Implementation of sustainable development and differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons therefor

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons therefor
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (part-time) unit for sustainable development, delegated the Board delegated the authority to senior managerial levels to deal with it? How does the Board’s supervision go?	✓		<p>1. The Company’s Business Management Department is responsible for the promotion of corporate social responsibility together with the professionalism of the Company’s other departments. To effectively implement the decision-making and division of authority and responsibility for the relevant issues, the General Manager authorizes all department heads to be responsible for their respective issues involved. They shall report the implementation status and resource demand to the Chairman and General Manager when the need arises for the latter to stay updated and provide necessary resources.</p> <p>2. The Company’s Business Management Department serves as a cross-departmental communication platform for upward and downward integration and horizontal linkage. Through quarterly meetings and issue-based task forces, the sustainable issues related to the Company’s operation and the concerns of stakeholders are identified, corresponding strategies and work policies formulated, budgets related to sustainable development of various organizations prepared, and annual schemes planned and implemented. At the same time, the implementation results are tracked to ensure that the sustainable development strategies are fully implemented in the Company’s daily operations.</p> <p>3. The Company’s Board receives regular quarterly reports from the management team (including ESG reports) and the management</p>	None

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor						
	Yes	No	Summary							
			has to propose the Company's strategies to the Board. The Board has to evaluate the likelihood of success of said strategies, frequently review their progress and urge the management team to make adjustments as necessary.							
I. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulated relevant risk management policies or strategies? (Note 2)	✓		<p>1.This disclosure herein covers economic, environmental and social information about the Company's major operating locations in Taiwan from January to December 2021. Part of the information disclosed includes the subsidiary company, PChome Express Co., Ltd., covering topics such as the businesses of e-commerce, warehousing and freight transportation.</p> <p>2.Based on the materiality principle of the aforesaid reports, the Business Management Department conducts analysis, communicates with internal and external stakeholders, and assesses ESG issues of materiality by reviewing domestic and international research reports, literature and integrating evaluation information from the Company’s departments and subsidiary companies. In doing so, risk management policies and specific action schemes are then formulated to effectively identify, measure, assess, monitor and control the risks, thereby reducing the impacts arisen therefrom.</p> <p>3.Based on the risks assessed, the relevant risk management policies or strategies are formulated as follows:</p> <table border="1" data-bbox="904 1268 1780 1370"> <thead> <tr> <th>Issues of materiality</th> <th>Risk assessment items</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Issues of materiality	Risk assessment items	Description				None
Issues of materiality	Risk assessment items	Description								

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
			<p>Environment-related</p> <p>Environmental impacts and their management</p>	<p>1.Our business is e-commerce and there is no environmental impact due to pollution caused by manufacturing-related processes.</p> <p>2.The Company remains committed to reducing its environmental impact and management in its operations, including the following efforts casted:</p> <p>(1)Just consumption, no wastage: the Company receives the EPA-approved Online Shopping Packaging Reduction Seal.</p> <p>(2)PChome 24h is the first integrated e-commerce platform in Taiwan to receive the Taiwan Carbon Footprint Label.</p> <p>(3)A total of 1,555 old smartphones were recycled through the “Turning Old Electronics into Gold” scheme, equivalent to a reduction of 21.6 tons of CO2 emissions.(as of June 30, 2021).</p> <p>(4)The Company fully adopted the use of eco-friendly cartons and</p>

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
				<p>adhesive tape, with cartons coming in 31 different sizes.</p> <p>(5)The Company introduces a smart box number recommendation system that effectively reduces carbon footprint in product delivery.</p> <p>(6)Invoices are issued electronically, saving up to an equivalent of 140,000 million pieces of A4 size paper.</p> <p>(7)The Company and Taipei City Government jointly launches the “Taipei Energy Saving Festival” and wins the “King of Energy Conservation” award for the second consecutive year.</p> <p>(8)In conjunction with Earth Day, the Company turns its homepage into greyscale for an hour on every April 22, and encourages members of the public to take action in raising environmental protection awareness by turning off their lights.</p>



Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor	
	Yes	No	Summary		
				<p>(9)The first Taiwanese e-commerce platform to achieve the accumulated amount required as per green procurement standards, thus allowing more than one million small and medium-sized enterprises (SMEs) nationwide to engage in green procurement on PChome’s platform.</p> <p>(10)The Company launches a small-scale trial program involving a reusable insulated cooler bag for storing frozen foods. Joins hands with Chunghwa Post to implement resource recycling measures in 10,000 recycling centers throughout Taiwan.</p>	
			Society-related	Occupational safety	Fire drills and occupational safety education training are held regularly every year to develop employees’ contingency and self-safety management skills.
				Product safety	Our products comply with all government regulations and are free of hazardous substances. To ensure

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
				the quality of customer service, we have set up a customer service hotline and a communication website. If our clients are not satisfied with the product, they will get immediate assistance in the return service as soon as possible.
			Social economy and regulatory compliance	<p>1. Through the establishment of a governance organization and the implementation of internal control mechanisms, the Company ensures that all employees and operations of the Company comply with the relevant regulatory norms.</p> <p>2. The Company will protect the Company's interests through patent applications.</p>
			Corporate governance aspect	1. The Company plans for the relevant topics of further education for directors and provides annual updates on the latest regulatory and institutional developments and policies for them.

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
			<p>2.Directors' liability insurance is provided to protect directors against lawsuits or claims.</p> <p>Communication with stakeholders</p> <p>The Company established various communication channels, through which to communicate actively its stakeholders with a view to reducing confrontation and misunderstanding. An investor mailbox is set up, which will be handled by the spokesperson and responsible for responding.</p>	
<b>II. Environmental Issues</b>				
(I) Does the Company establish environmental management system designed to fit industry characteristics?	✓		<p>1.As an e-commerce company, the Company has implemented regulations on its internal environment, autonomous safety and health inspection and no-smoking implementation in accordance with the characteristics of the industry, and established an appropriate environmental management system. The Company also complies with regulations and other related requirements to prevent occupational hazards and continuously improve the operation of the management system in order to implement the Company's sustainable development policies.</p> <p>2.The Company promotes initiatives on “Green packaging, Green transportation, Green warehousing and Green payment” to realize a new paradigm of green e-commerce.</p>	None

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
(II) Has the Company committed itself to improving energy efficiency and using recycled materials with low environmental impact?	✓		<p>The Company actively promotes various energy reduction measures, selects equipment with high energy efficiency and energy-saving design, reduces enterprise energy consumption, and expands the use of renewable energy to optimize energy efficiency.</p> <p>The Company continuously promotes energy-saving and carbon-reduction schemes, e.g. the use of energy-saving lightings in every plant, recycling to save resource consumption as well as recycling at a regular time every week. We provide employees knowledge and concepts related to environmental protection in order to fulfill our responsibilities in protecting the earth.</p> <p>The company launched the "Green Shopping Program, " and created 31 new types of eco-friendly cartons with eco-friendly packaging. As the first large-scale integrated e-commerce platform in Taiwan that receives the “Taiwan Carbon Footprint Label,” the Company takes the lead in using a new easy-to-tear adhesive tape, and promises to practice the full recycling of cartons in the future.</p>	None
(III) Has the Company assessed the potential risks and opportunities of climate change for the business now and in the future, and taken relevant measures to address them?	✓		<p>In addition to continuously optimizing operational efficiency in response to the global trend of climate change in recent years, the Company is committed to reducing all possible environmental impacts in its operations in order to fulfill its commitment to sustainable development in the market. The Company officially launched in 2019 its “Green Shopping Program,” which covers four aspects—”Green packaging, Green transportation, Green warehousing and Green payment.” Based on our own estimations, when the Green Shopping Program comes into full effect, the new</p>	None

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
			packaging will reduce carbon emissions by 11% on average. The Company persistently promotes procedures concerning carbon management. We study the actual volume of carbon and greenhouse gas produced by improvement measures to achieve the target of carbon dioxide reduction, including proactive means to save electricity, e.g. adoption of LED lighting and lighting control devices. Those actions demonstrate our determination on environmental protection and lower the impact of climate changes on our operational risks.	
(IV) Does the Company calculate its greenhouse gas (GHG) emissions, water consumption and total waste weight in the past two years, and formulate policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?	✓		<p>1.The Company’s Green Shopping Program covers four aspects—”Green packaging, Green transportation, Green warehousing and Green payment.”</p> <p>(1)Greenhouse gas: Based on our own estimations, when the Green Shopping Program comes into full effect, the new packaging will reduce carbon emissions by 11% on average. By 2022, it is expected that carbon emissions will be reduced by 1.24 million tons—equivalent to saving 3.37 million trees.</p> <p>(2)Water consumption: The Company is a non-manufacturing company and has no production process. The water required is only for drinking water related to people's livelihood, so the water consumption is relatively small.</p> <p>(3)Waste: The Company’s main waste is carton boxes for packaging commodities, which are not hazardous waste. The discarded cartons are collected and recycled on a regular basis.</p> <p>2.The Company is the first large-scale integrated e-commerce</p>	None

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
			<p>platform in Taiwan to receive the EPA-approved “Taiwan Carbon Footprint Label.” To achieve this, we assessed the carbon footprint involved at each stage in the life cycle of online retail services and analyzed the three aspects in particular—product-related services (product inspection, packaging, etc.), environmental services (official website, domains, servers, cross-platform connectivity, etc.) and logistics services (pickup, delivery, returns, exchanges, etc.), so as to effectively quantify carbon emissions and devise carbon reduction goals.</p> <p>As part of our commitment to reducing carbon emissions, we expect to implement the following measures:</p> <ol style="list-style-type: none"> <li>(1)The introduction of paperless warehouse system.</li> <li>(2)The installation of solar panels in response to the government's renewable energy policy.</li> <li>(3)Constructing green building warehouses and completely modifying internal warehouse operations.</li> <li>(4)Using low-carbon vehicles for logistics.</li> <li>(5)Collaborating with the EPA to launch a green point redemption activity as a means for encouraging consumers to purchase green-labeled products.</li> </ol> <p>3.With the Company’s having been focusing on the issue of water conservation and environmental protection for many years, in terms of water-saving plans, the Company starts from the full implementation of water conservation in daily life, and will maximize the benefits of available water resources.</p>	

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor				
	Yes	No	Summary					
<b>IV.Social Issues</b>								
(I) Does the Company draw up management policies and procedures in compliance with relevant laws and regulations and the International Bill of Human Rights?	✓		<p>The Company complies with relevant labor laws and regulations, and respects the internationally recognized basic principles of labor and human rights. It recognizes and voluntarily complies with internationally recognized human rights standards, such as the "Universal Declaration of Human Rights," the "United Nations Global Compact," the "United Nations Guiding Principles on Business and Human Rights" and the "International Labor Organization." In doing so, the Company formulates personnel rules and regulations to ensure that employees' rights and interests and employment policies are treated without discrimination. The Group also provides stable and sound compensation packages, comprehensive education and training, and promotion and development system, and creates a safe and healthy work environment to enhance employees' professional competence. A summary of the Company's human rights management policy and specific schemes is as follows:</p> <table border="1"> <thead> <tr> <th>Human rights management policy</th> <th>Specific schemes</th> </tr> </thead> <tbody> <tr> <td>Providing safe and healthy working environment</td> <td>For more details, please refer to page 157, "Work Environment and Employee Safety Protection Measures" of the Labor Relations section.</td> </tr> </tbody> </table>	Human rights management policy	Specific schemes	Providing safe and healthy working environment	For more details, please refer to page 157, "Work Environment and Employee Safety Protection Measures" of the Labor Relations section.	None
Human rights management policy	Specific schemes							
Providing safe and healthy working environment	For more details, please refer to page 157, "Work Environment and Employee Safety Protection Measures" of the Labor Relations section.							

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
			<p>Assisting employees to maintain a healthy work-life balance.</p> <p>Key life events benefits</p> <p>Incentives for continuing education</p> <p>Diverse employer-employee communication channels</p>	<p>1.New recruits are entitled to a leave system that is better than the Labor Standards Act from the time they have been in service for three months.</p> <p>2.The Company subsidizes employee health checkup fees, provides paid leave for health checkups, and has designed a series of lectures and training courses on health.</p> <p>3.Flexible work hours</p> <p>Marriage cash bonus, baby bonus, childcare benefits at cooperating nurseries, hospitalization allowance, bereavement allowance, exclusive discounts at cooperating merchant, car loans, discounted telco rates.</p> <p>Incentives for learning a foreign language (English/Japanese), external training.</p> <p>The Company also organizes quarterly employer-employee meetings as per the “Regulations for Implementing Labor-Management Meeting,” in which the employee representatives provide their opinions on different issues to ensure that employee and employer alike are able to move forward together as a team. Moreover, the Company also organizes regular management meetings</p>



Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
			<p>in which employees’ opinions are collected on a larger scale and appropriate improvement measures are devised. Employees are welcomed to mail their opinions in writing to the HR Department or directly to the HR supervisor. We also have a dedicated email address on our website and in our internal web system that allows employees to communicate directly with higher-ranking supervisors and express their opinions or make complaints.</p> <p>Prohibition of forced labor and compliance with local government labor regulations</p>	<p>Fulfilling a leave system to encourage colleagues to focus on a work-life balance.</p>
(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, leave, and other benefits) and appropriately employee compensation based on operating performance or results?	✓		<p>1. Employee remuneration scheme: The Company’s overall remuneration package includes minimum wage, bonuses, and fringe benefits. The minimum wage is set according to the value of an employee’s position on the market; while the bonuses are given when employees and their affiliate department achieve certain goals, or in conjunction with the Company’s business performance. In accordance with our human resources management standards, the Company has an employee performance appraisal system in which the remuneration received by each employee is determined by their educational background,</p>	

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
			<p>professional knowledge and skills, tenure and practical experiences, as well as individual job performance. As an effective means of tracking an employee’s work status, the Company sets annual work goals and conducts mid-year and year-end appraisals and rankings. Additionally, an employee’s performance appraisal outcomes are tied to their remuneration and bonuses, so that they can grow together with the Company.</p> <p>2. Wide variety of fringe benefits In line with the Ministry of Labor regulations, the Company has an Employee Welfare Committee in charge of allocating monthly funds and routine handling various employee benefits on a regular basis. In terms of employee benefits planning, per the relevant regulations, we attend to the needs of employees by providing appealing and desirable benefits such as festive activities, birthday bashes, annual dinners, etc. By establishing numerous work social clubs, and providing health checkups as well as labor, health, and group insurance coverage, we create supportive work environment that helps our employees achieve a work-life balance and have more opportunities to interact with one another during their spare time. Overview of the Company’s fringe benefits:</p> <p>(1) Workplace benefits: Exclusive labor group insurance, a leave system that surpass the minimum requirements in the Labor Standards Act for employees who complete three months on the job, labor pension, flexible work hours, unlimited coffee, “back to work” lucky money.</p>	

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
			<p>(2)Festive celebrations: Birthday cash bonus, Labor Day cash bonus, Mid-Autumn Festival cash bonus, year-end vouchers, Valentine's Day flash sales, festive high tea.</p> <p>(3)Key life events benefits: Marriage cash bonus, baby bonus, childcare benefits at cooperating nurseries, hospitalization allowance, bereavement allowance, exclusive discounts at cooperating merchant, car loans, discounted telco rates.</p> <p>(4)Group perks: Annual dinner subsidies, vendor events, group buying discounts, social activities.</p> <p>(5)Wellness benefits The Company subsidizes employee health checkup fees, provides paid leave for health checkups, and has designed a series of lectures and training courses on health.</p> <p>(6)Incentives for continuing education: Incentives for learning a foreign language (English/Japanese), external training.</p> <p>3.Employee diversity and equality: The Company offers a diverse array of positions for aspiring and open-minded talent of all ages. We do not discriminate on the basis of gender, age, race, religion, marital status, and political beliefs. More than 50% of our employees are aged 35 years and below, most of whom are affiliated with the E-Commerce Business Group and the Technology/Big Data Artificial Intelligence Center. The Company welcomes Generation Zers, who are known for their innovativeness and creativity, to the team and provides them with the liberal workspace in which they express their ideas, engage in various opportunities which sharpen their professional skills,</p>	

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
			<p>accumulate their practical experience, develop a dedicated work ethic, and unlock their potential capabilities. At the same time, in response to the ever-changing nature of the e-commerce industry, the Company also highly values female employees who are meticulous and detail-oriented, as well provide them with comprehensive and equal promotion opportunities. Thanks to our inclusivity efforts, females constitute around 60% of the Company’s workforce, with over 50% of them holding supervisory duties. We hope that our female employees can utilize their professional competence and characteristics to the fullest, bring forth their advantages and capabilities, and continuously enhance our business operations.</p> <p>4.The Company's operating performance is reflected in employee remuneration:</p> <p>(1)Article 28 of the Company's Bylaws states: If the Company is profitable during a year, it shall allocate 1% to 15% of the profits as employee remuneration, and not more than 1.5% as directors' remuneration. When there is a cumulative deficit, the Company shall reserve such an amount in advance for compensation. The subjects to which the employee remuneration referred to in the preceding paragraph is distributed in shares or cash include employees of controlling or subordinate companies, who meet certain conditions.</p> <p>(2)Overall remuneration policy: The Company participates in market remuneration survey every year. It adjusts remuneration</p>	

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
			according to market remuneration levels, economic trends and individual performance in order to maintain the overall remuneration competitiveness.	
(III) Has the Company provided employees with a safe and healthy working environment, and regularly offer safety and health education to employees?	✓		<p>1. The Company strives to construct a safe workplace to guarantee the safety and health of every employee. The Company’s Administration and Management Department presides over the Company’s occupational safety and health matters. The Company also sets up an Occupational Safety and Health Office under the Administration and Management Department to handle the occupational safety and health matters in each warehouse. These structures implement the various occupational safety and health matters and devise relevant policies. To protect the health of our employees, we always comply with the “Ergonomic Risk Management Program,” “Prevention of Overwork-Related Disorders,” “Prevention of Employee Workplace Violations,” and “Maternity Health Protection protocol.” In terms of risk management and assessment, we have adopted the PDCA (plan–do–check–act) cycle as well as appropriate management approaches to establish a safe and secure work environment for all employees. The Company continuously implements measures to ensure occupational safety and health management outcomes are met, thereby reducing risks as well as establishing a safe workplace with the goal of achieving zero accidents.</p> <p>2. The Company follows the Occupational Safety and Health Act and the regulations of our customers and related organizations to</p>	None

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
			<p>establish policies and respect the requirements of related stakeholder groups on occupational safety and health in order to build a healthy and happy workplace.</p> <p>3.The Company takes accident prevention and accident prevention as the core concept. By using appropriate management tools and mature technology and available resources, the Company integrates occupational safety and health issues at the Company and propose effective countermeasures to promote the occupational safety culture, strengthen the protection management of operators, and invest resources to strengthen the prevention of occupational diseases, in the hope of creating a zero-accident environment.</p> <p>4.Employees engaging in labor safety and health-related work have obtained required certificates in accordance with the laws and regulations. They would be assigned to attend seminars or briefings hosted by government agencies or academic institutions when the need arises. In addition, there is an infirmary on-site, providing professional medical consulting services. Fire drills are held from time to time to ensure workplace safety. The Company also organizes regular employee health checkups and offers safety and health education to employees. The company has established four major aspects for Corporate Health Responsibility (CHR): awareness, food, activities and assistance. We review and inventory our employee health measures as our execution guideline and course.</p>	

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
			<p>5.To enhance our employees’ level of awareness around occupational safety and health (OSH), they are regularly educated on the relevant best practices. The Company also organizes in-service training programs on OSH. We hold general and work task-specific OSH training programs for newcomers and in-service employees alike. For the latter, training programs regarding forklift operations in warehouses, safety precautions for powered pallet truck operations, logistics (PChome Express) driver safety, and prevention of heat-related hazards were provided to the relevant employees performing these tasks. To ensure that products are delivered safely to each consumer, PChome Express also organizes multiple driver safety meetings every year to remind logistics drivers about the importance of driving safely. There were 23 such meetings held in 2020, and most of the contents were focused on safe driving practices, defensive driving tips, liabilities associated with professional negligence, and presentations related to accidents. In addition, to strengthen preparedness in the case of potential fires and occupational hazards, we take on a preemptive stance by providing regular in-service training programs including disaster drills, AED-use training, and CPR training. Looking back at 2021, the Company invested a total of 5,492 hours on employee OSH training.</p>	

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
(IV) Has the Company established effective career development and training plans for its employees?	✓		<p>1.The Company has arranged appropriate courses and training for employees based on their professional background and the Company's future needs, so that employees can be placed at an appropriate position to realize their potentials.</p> <p>2.The Company is committed to providing our employees with diversified expertise-specific professional training programs throughout the course of their career development. Employees are also encouraged to engage in external training programs from time to time so that they can strengthen their professional capabilities and acquire new knowledge.</p> <p>3.Our internal and external training programs encompass a wide range of themes. Considering the rapid developments in e-commerce big data and information security, the Company has provided our employees with information on relevant training programs such as program application, information security, and patent-related knowledge These programs equip our employees with up-to-date and professional information about the latest trends in these fields.</p>	None
(V) Does the Company comply with relevant laws and regulations and international standards on issues such as customer health and safety, customer privacy, marketing and	✓		<p>1.The Company grasps and controls the value chain of commodities by setting up a management mechanism to control the value chain of our products, from product selection, incoming goods, quality control, picking, logistics to the consumer, and we continue to ensure the quality of our products so that consumers receive the</p>	None



Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
labeling of products and services, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers or customers?			<p>same quality as the products entering our warehouse. In doing so, the Company fulfills its commitment to product quality assurance.</p> <p>2.The Company has a personal data protection management system and policy to manage and ensure the privacy of our customers. We serve as a gatekeeper for our clients' data through internal audits, external validation, crisis prevention and education.</p> <p>3.The Company strictly complies with the relevant government regulations and has an internal management mechanism for the publication of marketing advertisements to ensure compliance with the relevant regulations.</p> <p>4.The Company has a customer service department, which actively checks and confirms the implementation of various customer policies from time to time, accepts customer complaints and handling, and assists in handling customer complaints to ensure the protection of customers' rights and interests.</p>	
(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection,	✓		The Company has established the supplier management policies requesting suppliers to comply with relevant standards related to environmental protection, occupational safety and health or labor rights. Upon entering the Company, the suppliers are required to strictly follow the occupational safety and health standards and labor-related regulations.	None

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
occupational safety and health or labor rights and supervised their compliance?				
V.Does the Company refer to the internationally accepted standards or guidelines for the preparation of reports to prepare CSRs and other reports that disclose the Company's non-financial information? Has the aforesaid reports received assurance or certification from a third-party accreditation institution?	✓		<p>The Company has been issuing CSRs since 2020 to provide a complete picture of our management policies and performance on major economic, environmental and social issues. Our CSRs are compiled in accordance with the GRI Sustainability Reporting Standards. The financial results thereof are based on information audited by the CPAs. All the data disclosed in the CSRs comply with the corresponding management system specifications, in which the financial related results are calculated in New Taiwan dollars and verified by the CPAs, and the management systems of environment, safety and health are subject to internal audits regularly.</p> <p>The Company's CSRs (Corporate Social Responsibility) are available on the Company's website. (<a href="https://corp.pchome.tw/corporate-social-responsibility/">https://corp.pchome.tw/corporate-social-responsibility/</a>)</p>	None

Items promoted	Implementation outcomes (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons therefor
	Yes	No	Summary	
<p>VI.If your company has formulated its own sustainable development code in accordance with the FSC’s “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies,” please describe the operational differences in between. Although the Company has not yet formulated its "sustainable development code," the Company's operations related to the corporate sustainability development are handled in accordance with the content and relevant provisions of said Sustainable Development Best Practice Principles, with which are complied faithfully. The Company has reviewed and improved its performance against the FSC’s “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies,” and found no discrepancy in between.</p>				
<p>VII.Other significant information to help understand the implementation of promoting sustainable development. Please refer to the Company's website for CSR-related information such as corporate governance, environmental safety and health, and social welfare.</p>				

Note 1: If the "Yes" box is checked, please explain the important policies, strategies and measures adopted and their implementation. If the "No" box is checked, please explain the differences and reasons for the differences in the "Differences from the the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” column, and describe your future plans for the adoption of relevant policies, strategies and measures.

Note 2: Materiality principle refers to issues related to environmental, social and corporate governance that have a significant impact on the Company's investors and other stakeholders.

Note 3: Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

(VI) Ethical management implementation status and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Summary	
I. Establishment of ethical management policies and schemes				
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and management to rigorous and thorough implementation of such policies?	✓		With reference to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” promulgated by the FSC, the Company formulated the “Principles of Business Ethics,” which was approved by the Board on December 24, 2020. Said “Principles of Business Ethics” is used to help the Company establish a corporate culture of honest operation and sound development, and provide a reference framework for establishing good business operation, which is also applicable to other subsidiary companies, enterprises and organizations within the Group.	None
(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best	✓		When formulating preventive plans, the Company analyzes business activities associated with high risk of unethical conduct within the business scope and strengthens relevant preventive measures. Formulation of preventive scheme covering the following preventive measures: Bribery and acceptance of bribes, provision of illegal political contributions, improper charitable donations or sponsorships, provision or acceptance of	None

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Summary	
Practice Principles for TWSE/GTSM Listed Companies"?			unreasonable gifts, hospitality or other improper benefits.	
(III) Does the Company define the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs effectively and perform regular reviews and amendments?	✓		In accordance with the management philosophy and policy of integrity, the Company has clearly and thoroughly established a separate scheme to prevent dishonest behavior, including operating procedures, behavior guidelines, and education and training.	None
II. Implementation of ethical management				
(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		When engaging in business activities, the Company avoids transactions with those with records of dishonest behavior, and clearly stipulates the terms of honest behavior in relevant business contracts to fulfill the Company's policy of honest operation.	None

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Summary	
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the ethical corporate management policies and prevention programs against unethical conduct as well as the implementation status?	✓		The Company's Board of Directors shall exercise duty of care for a prudent administrator, monitor and prevent Company from engaging in unethical conducts, and constantly review and continue to improve the implementation results in order to ensure the integrity of the ethical management policy. For a sound management on ethical conducts, the General Manager's Office is responsible for drawing up and monitoring the execution of ethical management policies and preventive plans.	None
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels and thoroughly implement the policies?	✓		The Company's policy on the prevention of conflict of interest and the provision of appropriate grievance channels is working well. According to the Company's compliance plan for the "Principles of Business Ethics", all employees shall voluntarily declare situations with conflicts of interest. Some employees, due to their position as supervisors or work natures, have to regularly declare matters pertaining to conflicts of interest or the suspicion of conflict of interest every year. The Company would handle those claims in accordance with relevant regulations.	None

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Summary	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	✓		The Company has established effective accounting and internal control systems for activities associated with high risk of unethical conducts. There are no two sets of account books and no secretive accounts. The Company conducts regular reviews to ensure the design and execution of the systems remains effective. The Company's internal auditors regularly check the compliance with the system referred to in the preceding paragraph, prepare an audit report and submit it to the Audit Committee and the Board for review.	None
(V) Has the Company regularly held internal and external training sessions on ethical management?	✓		The Company organizes internal and external training sessions on ethical management from time to time to increase employees' awareness and understanding of the Company's ethical management. Legal compliance education is one of the most important items in the Company's legal compliance program. Through regular promotion and training courses on laws and regulations, employees have better understanding on the latest or closely related laws and regulations, which further strengthens their commitment to comply with business ethics	None

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Summary	
			regulations.	
III.Implementation of whistleblowing system				
(I) Has the Company established a concrete whistleblowing and reward system, established convenient whistleblowing channels, and designated appropriate personnel to handle the case being exposed by the whistle-blower?	✓		Violations of business ethics identified by personnel of the Company during the course of business can be reported through the following channels: Inside the Company: email address of direct supervisor and general manager. External to the Company: Upon receiving an external report, an investigation will be initiated, and a dedicated person will conduct said investigation.	None
(II) Has the company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓		The Company handles reported misconducts and follow-up investigations with confidentiality and rigorous attitude, which are explicitly stated in the internal rules.	None
(III) Has the Company established measures to protect whistleblowers from retaliation?	✓		The Company takes protection measures to ensure the whistleblowers will not be punished by inappropriate disciplinary actions.	None
IV.Enhancement on information disclosure Has the Company disclosed its Principles of Business Ethics and information on	✓		Yes, the Company has disclosed the content of its "Principles of Business Ethics" on its website and MOPS.	None



Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and Reasons
	Yes	No	Summary	
implementation of such guidelines on its website and MOPS?				
<p>V.If the Company has established its "Principles of Business Ethics" based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe the implementation and any deviations from said Principles: The Company has established its "Principles of Business Ethics," and will push to comply with it consistently. Acting in concert with all sorts of propaganda, the Company has strengthened the awareness of our management staff. The content and relevant operations thereof are not significantly different from those of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."</p>				
<p>VI.Other significant information that helps understand the integrity of the Company's operations: (such as a company's reviewing and amending its principles of business ethics): The Company regularly educates its business partners about its policy of honest business practices, and includes relevant provisions in its business contracts to prevent violations of the Company's "Principles of Business Ethics."</p>				

Note 1: Regardless of "Yes" or "No" is ticked for operations, a description is required in the Summary column.

(VII) For companies having principles and regulations on corporate governance, access shall be disclosed:

To improve corporate governance, the Company has established "Code of Ethical Conduct" and "Corporate Governance Best-Practice Principles" upon the Board's approval. Also, it gradually formulates regulations with specific measures and schemes, e.g. "Operation Procedures for Transactions of Specific Companies, Related Parties and Group Enterprises", "Regulations Governing the Supervision of Subsidiaries" and "Principles of Business Ethics". Besides regular promotions, the information is available at corporate website for governing the ethics of Directors and employees of the Company.

Regarding the promotion of insider equity transaction, relevant information released by competent authorities is available at the corporate website for insiders in addition to explanations provided during regular education sessions for Directors. Please access our corporate website for details.

(VIII) Other important information to facilitate better understanding of the Company's corporate governance shall be disclosed all together:

1. Please refer to the Company's website for information on the nomination and election of independent directors, the nomination process, candidate information (eligibility criteria), the election process and the results of the election.
2. To improve the Company's corporate governance, the Company communicates with its CPAs, independent directors, auditors and treasurer from time to time.
3. In order to strengthen the Company's governance, the Company attaches special importance to the disclosure of information. Information is regularly and irregularly disclosed on the MOPS and financial and other related information is also disclosed on the Company's website. The release of material information will be simultaneously posted on the Company's website and allow the Board Directors being informed, so as better understand the Company's current operations and to provide investors and stakeholders with immediate access to the Company's significant information.

## (IX) Internal control system

## 1. Statement on Internal Control System

PChome Online Inc.

Statement on Internal Control System

Date: February 25, 2022

Based on the results of the self-assessment of the Company's internal control system in the FY 2021, we hereby certify as follows:

I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of Directors and the executive officers of the Company. The Company has established such a system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. However, the Company's internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any deficiencies identified.

III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring. Each component further contains several items. Please refer to the Regulations for details.

IV. The Company has evaluated the design and operating effectiveness of its internal control system by adopting the aforesaid criteria.

V. Based on the self-assessment results in the preceding paragraphs, the Company concluded that its internal control system (including supervision and management over the Company's subsidiary companies) as of December 31, 2021, is effective on the design and implementation of the internal control system specifically for helping understand the effectiveness of the Company's operations and the extent to which the Company's efficiency targets are achieved, presenting reports in a reliable, timely transparent and regulatory-compliant manner and the like. The Company's internal control system can reasonably ensure the achievement of the aforesaid objectives.

VI. This Statement will be an essential content of the Company's Annual Report and prospectus, and will be publicly disclosed. Any falsehood, concealment, or other illegality in the content

made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchanged Act.

VII. One more description that goes with the statement herein is that said statement was approved by the Company's Board on February 25, 2022, without any objection raised from the eight attending directors.

Pchome Online Inc.

Chairman: Hung-Tze Jan

General Manager: Kevin Tsai

2. Where CPAs are retained to audit the internal control system, please disclose the CPAs' audit report: None.

(X) Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, details on the punishment if it might have significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of this annual report: None.

(XI) Major resolutions of the Shareholders' Meetings and Board of Directors' meetings in the most recent fiscal year and as of the date of this annual report

1. Major resolutions of the Shareholders' Meetings in the most recent fiscal year and as of the date of this annual report

Date	Proposals and Implementation Status
2021/7/29	<p>(1) Adoption of business report and financial statements for the FY 2020 Implementation status: Resolved as proposed.</p> <p>(2) Earnings distribution or deficit compensation Implementation status: The resolution to distribute the Company's earnings for the FY 2020 was approved, and the distribution was completed at the end of the year.</p> <p>(3) Re-election of Board Directors upon expiry of their term of office Implementation status: The re-election of directors and the associated registration of changes have been completed.</p> <p>(4) Lifting the non-competition restrictions on new directors and their representatives Implementation status: Resolved as proposed.</p> <p>(5) Proposal to issue new ordinary shares for capital increase by choosing one way out of private placement and/or public offering, or by the aforesaid chosen one in combination with using cash capital. Implementation status: Resolved as proposed, but the best way to increase capital is to be determined by the Company upon evaluation.</p>

2. Major resolutions of the Board of Directors' meetings in the most recent fiscal year and as of the date of this annual report

Date	Major Proposals	Resolution
2021/02/25	<p>1. 2020 business report and financial statements</p> <p>2. Distribution of the FY 2020 employee remuneration and remuneration to Director and Supervisors</p>	<p>All attending Directors voted in favor of the proposal without any objections.</p> <p>All attending Directors voted in favor of the proposal without any objections.</p>
2021/03/16	<p>1. The FY 2020 business report and financial statements</p> <p>2. Distribution of the FY 2020 employee remuneration and remuneration to Director and Supervisors</p> <p>3. The FY 2020 earnings distribution.</p> <p>4. The re-election of nine directors (including three independent directors.)</p> <p>5. Lifting the non-competition case of newly appointed directors and their representatives</p>	<p>All attending Directors voted in favor of the proposal without any objections.</p> <p>All attending Directors voted in favor of the proposal without any objections.</p>

Date	Major Proposals	Resolution
	6. Formulate plans associated with the 2021 Annual Shareholders' Meeting 7. To apply for repurchase of treasury shares	All attending Directors voted in favor of the proposal without any objections. All attending Directors voted in favor of the proposal without any objections. All attending Directors voted in favor of the proposal without any objections. All attending Directors voted in favor of the proposal without any objections. All attending Directors voted in favor of the proposal without any objections.
2021/4/27	Proposal to issue new ordinary shares for capital increase by choosing one way out of private placement and/or public offering, or by the aforesaid chosen one in combination with using cash capital	All attending Directors voted in favor of the proposal without any objections.
2021/7/29	The appointment of Audit Committee members due to general re-election of directors and expiry of term of office of Audit Committee members	All attending Directors voted in favor of the proposal without any objections.
2021/8/2	The election of Chairman	All attending Directors voted in favor of the proposal without any objections.
2021/09/17	1. Resolved to handle the pricing of the first private placement of ordinary shares and the record date of capital increase and other related matters approved by the FY 2021 annual general meeting of shareholders. 2. Proposal to invest in the 21st Century Technology Co., Ltd., and adjust the shareholding structure of subsidiary companies.	All attending Directors voted in favor of the proposal without any objections. All attending Directors voted in favor of the proposal without any objections.
2022/02/25	1. The FY 2021 business report and financial statements 2. Distribution of the FY 2021 employee remuneration and remuneration to Director and Supervisors	All attending Directors voted in favor of the proposal without any objections. All attending Directors voted in favor of the proposal without any objections.
2022/03/23	1. The FY 2021 earnings distribution 2. Formulation of plans associated with the 2022 Annual Shareholders' Meeting	All attending Directors voted in favor of the proposal without any objections. All attending Directors voted in favor of the proposal without any objections.

(XII) Directors or Supervisors expressed different opinions regarding major resolutions of the Board meetings, either by recorded statement or in writing, in the most recent fiscal year and as of the date of this annual report, please disclose the details: None.

(XIII) ation or discharge of Chairman, General Manager, and officers of accounting, finance, internal auditing, corporate governance and research and development in the most

recent fiscal year and as of the date of this annual report:

Title	Name	Date of arrival	Date of discharge	Reasons for resignation or discharge
Head of Internal Audit	Hsiencheng Li	2000.6.1	2021.11.03	Job adjustment

Note: The term "Relevant persons of the Company" refers to the chairman, general manager, head of accounting, head of finance, head of internal audit, head of corporate governance, and head of R&D.

### V.dit Fees for Independent Auditors

(I) Where non-audit fees paid to the CPAs, the CPAs' accounting firms and their affiliates exceeding 25% of the audit fees, the dollar amount of audit and non-audit fee and services rendered for the non-audit fee shall be disclosed.

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fees	Non-Audit Fees	Total	Remarks
KPMG	Pearl Chen Lillian Lien	The FY 2021	3,420	1,198	4,618	Non-Audit Fees Business Registration and Tax Compliance Audit

Please specify the service contents of non-audit fees: (e.g. tax compliance audit, audit assurance or other financial advisory services)

Note: If the Company changes the CPAs or the accounting firm this year, please list their respective audit periods separately, specify the reason for the replacement in the "Remarks" column, and disclose the audit and non-audit professional fees paid in order. Non-audit fees shall be accompanied by a note describing the service contents thereof.

(II) Where the CPA firm was replaced and the audit fees in the fiscal year of replacement were less than that in the previous fiscal year, the amount of audit fees paid before/after replacement and reasons thereof shall be disclosed: None.

(III) Where the audit fees were reduced by 10% or more on a year-to-year basis, the amount and percentage of decrease in audit fees, and the reason for such decrease shall be disclosed: The Company's FY 2021 audit fees did not decrease by more than 10% from the FY 2020 audit fees.

### VI. Change of Independent Auditor: None.

(I) About the former independent auditor

Change Date	2021.3.1		
Reason for change and explanation	Internal rotation required by the independent auditors' firm		
State whether the appointer or independent auditor terminates the appointment, or the independent	Circumstance	Counterparty	Independent auditor
	Voluntary termination of appointment	Not applicable	

auditor does not accept such appointment.	No longer accepting (continued) appointment	
Any issuance of audit report with reserved opinions within the past two years and the reasons thereof.	None	
Any disagreements with the audit report issuer?	Yes	Accounting principles or practices
		Disclosure of financial statements
		Audit scope or steps
		Others
	None	✓
Description	None	
Other disclosures (those required to be disclosed as per Article 10, Subparagraph 6, Item 1 -4 to -7 of this Guideline.)	None	

## (II) About successor independent auditor

Name of Accounting Firm	KPMG
Name of CPA	Pearl Chen and Lillian Lien
Date of appointment	2021.3.1
Matters and results of consultation on the accounting treatment or accounting principles applied to specific transactions and the possible issuance of opinions on financial statements, prior the appointment	None
Any written opinions of the successor independent auditor on matters not in agreement with those of the former independent auditor?	None

(III) Any reply from the former independent auditor regarding matters of Article 10, Subparagraph 6, Item 1, and Item 2 -3 of this Guideline: None

**VII. Any of the Company's Chairman, General Manager, or Managers in Charge of Finance or Accounting Held a Position in the Independent Auditors' Firm or Its Affiliates in the Most Recent Year:** None.



**VIII.Changes in Shareholding and Shares Pledged by Directors, Supervisors, Managers, and Shareholders with 10% Shareholdings or More in the Most Recent Year up to the Date of Publication of this Annual Report. When the Counterparties of Shares Transfer or Pledge are Related Parties, Their Names, Relationship with the Company, Directors, Supervisors, Managers and Shareholders with 10% Shareholdings or More, and the Number of Shares Acquired or Pledged Shall be Disclosed.**

(I)Changes in shareholding of Directors, managers and shareholders with 10% shareholdings or more

Unit: Share(s)

Title	Name	2021		As of April 24, 2022	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman of the Board	Hung-Tze Jan	40,000	0	0	0
Directors and shareholders with 10% shareholdings or more	Site Inc.	0	0	0	0
Representative of corporate Director	Johnson Fong	0	0	0	0
Representative of corporate Director	Vicky Tseng	6,000	0	0	0
Director and General Manager	Kevin Tsai	58,000	0	0	0
Director	Jerry Hsu	0	0	0	0
Independent Director	Chang-Sung Yu	0	0	0	0
Independent Director	Shao-Hua Huang	0	0	0	0
Deputy General Manager	Leo Lu	7,400	0	0	0
Deputy General Manager	Yu-Shu Hu	3,600	0	0	0
Deputy General Manager	Te-Wei Wu	0	0	0	0
Deputy General Manager	Chen, Han-Chi	20,000	0	3,000	0
Deputy General Manager	Bruce Chou	60,000	0	0	0
Deputy General Manager	Cheng-Ching Wei	6,000	0	0	0
Deputy General Manager	Wen-Hsiong Cai	4,800	0	0	0
Deputy General Manager	Scott Chen	0	0	15,000	0

Title	Name	2021		As of April 24, 2022	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Deputy General Manager	Nikki Lin	0	0	0	0
Deputy General Manager	Geena Lin	0	0	0	0
Deputy General Manager	Xiaohui Hu	0	0	0	0
Deputy General Manager	Arthur Shen	0	0	0	0
Deputy General Manager(Note)	Wayvi Wan	15,000	0	0	0
Assistant Vice President	Ying-Hsuan Chao	4,200	0	0	0
Assistant Vice President	Zan-Yuan Chen	3,000	0	0	0
Assistant Vice President	Kun-Ju Han	6,000	0	0	0
Assistant Vice President	Shih-Hao Fang	15,000	0	0	0

Note: Wayvi Wan was promoted to a deputy general manager on March 1, 2022.

(II) Where the counterparty of share transfer or pledged is a related party: None.

**IX. Information of relationships between TOP 10 shareholders are related**

2022.4.24

NAME (NOTE 1)	INDIVIDUAL SHAREHOLDING		SHAREHOLDING OF SPOUSE AND MINOR CHILDREN		SHAREHOLDING BY NOMINEE ARRANGEMENT		Names and Relationship of Top 10 Shareholders who are Related Parties, Spouses or within Second-Degree Relatives to Each Other (NOTE 3)		Remarks
	No. of Shares	Sharehold ing Percentag	No. of Shares	Sharehold ing Percentag	No. of Shares	Sharehold ing Percentag	Name	Relations hip	
Site Inc.	18,907,864	14.71%	0	0%	0	0%	None	None	None
LGT Bank (Singapore) Investment Fund under the custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	6,366,000	4.95%	0	0%	0	0%	None	None	None
HSBC Trusted with Yishun Fund - Yishun Greater China Equity Fund	3,211,899	2.50%	0	0%	0	0%	None	None	None
Apu Jan	2,502,505	1.95%	0	0%	0	0%	Hung- Tze Jan	Father and son	None
Yi-Ming Zhou	2,196,528	1.71%	0	0%	0	0%	None	None	None
CDIB Venture Capital Corporation	1,875,293	1.46%	0	0%	0	0%	None	None	None
Chunghwa Investment Co., Ltd.	1,875,293	1.46%	0	0%	0	0%	None	None	None
Yi-Dan Huang	1,840,000	1.43%	0	0%	0	0%	None	None	None
Hung-Tze Jan	1,667,427	1.30%	0	0%	0	0%	Apu Jan	Father and son	None
HSBC Trusted with Yishun Fund - Yishun Asia Opportunities Equity Fund	1,614,202	1.26%	0	0%	0	0%	None	None	None

Note 1: All top ten shareholders shall be listed. The names and representatives of corporate shareholders shall be listed separately.

Note 2: Shareholding percentage is calculated separately based on the number of shares held in the name of the individual, his/her spouse, minor children, or in nominee arrangement.

Note 3: Relationship between the aforementioned shareholders, including judicial and natural persons, shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**For the Top Ten Shareholders Who Are Judicial Persons, the Names and Shareholder Percentages of Their Top Ten Shareholders**

Name of Judicial Person	Major Shareholders and Shareholding Percentage of the Judicial Person
Site Inc.	PuMa Co., Ltd. (20.87%), HILDER Investment Limited (13.88%), Fei-Peng Ho (5.24%), Ssu-Yuen Pan (4.52%), Cite Publishing Ltd. (3.88%), Chun-Chi Chou (3.63%), Sung-Mao Cheng (3.04%), Jen-Chiang Hsu (2.74%), Li-Chu Tsai (2.26%), Jerry Hsu (1.82%)
CDIB Venture Capital Corporation	CBID Capital Group(100%)
Chunghwa Investment Co., Ltd.	Chunghwa Telecom Co., Ltd. (89%)

**X. The number of shares held by the company, the company's directors, supervisors, managers, and businesses directly or indirectly controlled by the Company in the same joint venture, and the combined shareholding percentage.**

Unit: Unit: Thousands of Shares; %

111.3.31

vestee (Note)	Investment by the Company		Investment by Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities		Total Investment	
	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %
IT Home Publications Inc.	5,015	100	0	0	5,015	100
Linktel Inc.	6,832	100	0	0	6,832	100
PCHOME ONLINE INTERNATIONAL CO., LTD.	122	100	0	0	122	100
Rakuya International Info. Co., Ltd.	3,035	26.47	0	0	3,035	26.47
PChomestore Inc.	18,435	34.35	31,103	57.94	49,539	92.29
PCHOME US INC.	45,800	91.97	0	0	45,800	91.97
Pi Mobile Technology Inc.	12,933	30.32	24,167	56.65	37,100	86.97
PChome (Thailand) CO., LTD.	13,250	66.25	0	0	13,250	66.25
PChome Travel Inc.	3,600	100	0	0	3,600	100
PChome Financial Technology Inc.	1,000	100	0	0	1,000	100
PChome Holding Inc.(B.V.I.)	335,681	100	0	0	335,681	100
PChome Express Inc.	20,000	100	0	0	20,000	100
CHT-PCH No.1 Inc.	20,000	50	0	0	20,000	50

Investee (Note)	Investment by the Company		Investment by Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities		Total Investment	
	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %
Cornerstone Innovation Venture Capital Co., Ltd.	510	51	0	0	510	51
PCHOME CBS Co., Ltd.	14,000	70	0	0	14,000	70
Mitch Co., Ltd.	16,200	60	0	0	16,200	60
UNIGEN ENGINEERING CO., LTD.	1,262	70	0	0	1,262	70
21st Century Technology Co., Ltd.	24,139	47.18	778	1.52	24,917	48.7
PChome Data Technology Co., Ltd.	500	100	0	0	500	100
PIN technology Inc.	850	85	0	0	850	85
EC Global Limited	7,495	100	0	0	7,495	100
RUTEN GLOBAL INC. (Cayman)	266,063	100	0	0	266,063	100
Ruten Japan KK	36,045	28.49	0	0	36,045	28.49
PChome InterPay Inc.	0	0	50,100	100	50,100	100
Yun Tung Bao International Co., Ltd.	0	0	300	100	300	100
PCHOME ONLINE INC. (Cayman)	0	0	10,000	100	10,000	100
PCHOME ONLINE(HK) LTD.	0	0	5,641	100	5,641	100
PChome Marketplace Inc. (Cayman)	0	0	38,335	100	38,335	100
PChome Japan KK	0	0	43,500	100	43,500	100
PChome eBay Co., Ltd.	0	0	27,300	65	27,300	65
ECOSMOS PTE.LTD.	0	0	3,300	100	3,300	100
PCHOME CBS Co., Ltd.	0	0	2,900	100	2,900	100
PCHOME CB PTE. LTD.	0	0	190	100	190	100
Bibian Co., Ltd.	0	0	18,000	100	18,000	100
e-Insure Insurance Broker Co., Ltd.	0	0	4,500	100	4,500	100
PChome Travel Inc.	0	0	600	100	600	100

Investee (Note)	Investment by the Company		Investment by Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities		Total Investment	
	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %
21st Century Technology Co., Ltd.	0	0	120,100	100	120,100	100

Note: The Company's long-term investments accounted for under the equity method.

## Chapter 4 Capital Overview

### I.Capital and Shares

(D)Source of Capital: State the type of shares issued by the Company in the most recent fiscal year and as of the publication date of this annual report. If marketable securities are approved to be offered and issued by shelf registration, the approved amount and information concerning securities scheduled to be issued and already issued shall be additionally disclosed.

April 24, 2021

Unit: shares; NTS

Month/Year	Issue price (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		No. of Shares	Amount	No. of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
1998.07	10	5,000,000	50,000,000	1,450,000	14,500,000	Initial capital	None	Note 1
1998.12	10	5,400,000	54,000,000	5,100,000	51,000,000	Capital increase by cash NT\$36,500,000	None	Note 2
1999.05	10	7,800,000	78,000,000	6,000,000	60,000,000	Capital increase by cash NT\$9,000,000	None	Note 3
1999.07	20	20,600,000	206,000,000	11,000,000	110,000,000	Capital increase by cash NT\$50,000,000	None	Note 4
1999.11	20	20,600,000	206,000,000	13,000,000	130,000,000	Capital increase by cash NT\$20,000,000	None	Note 5
1999.12	58.5	20,600,000	206,000,000	16,000,000	160,000,000	Capital increase by cash NT\$30,000,000	None	Note 5
2000.09	25	88,800,000	888,000,000	50,000,000	500,000,000	Capital increase by cash NT\$340,000,000	None	Note 6
2004.07	10	88,800,000	888,000,000	54,175,392	541,753,920	Capital increase from retained earnings NT\$41,753,920	None	Note 7
2005.07	10	88,800,000	888,000,000	56,274,045	562,740,450	Capital increase from retained earnings NT\$20,986,530	None	Note 8
2005.12	10	88,800,000	888,000,000	55,462,545	554,625,450	Cancellation of treasury stocks (NT\$8,115,000)	None	Note 9
2006.08	10	88,800,000	888,000,000	55,981,873	559,818,730	Capital increase from retained earnings NT\$5,193,280	None	Note 10
2010.08	10	88,800,000	888,000,000	58,260,149	582,601,490	Capital increase from retained earnings NT\$22,782,760	None	Note 11

Month/Year	Issue price (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		No. of Shares	Amount	No. of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2011.03	25.08 18.74	88,800,000	888,000,000	58,585,649	585,856,490	Capital increase from employee stock options NT\$3,255,000	None	Note 12
2011.05	25.08 18.74	88,800,000	888,000,000	58,725,649	587,256,490	Capital increase from employee stock options NT\$1,400,000	None	Note 13
2011.08	25.08 18.74	88,800,000	888,000,000	59,390,649	593,906,490	Capital increase from employee stock options NT\$6,650,000	None	Note 14
2011.08	10	88,800,000	888,000,000	68,999,845	689,998,450	Capital increase from retained earnings NT\$96,091,960	None	Note 15
2011.11	21.17 15.84	88,800,000	888,000,000	69,243,845	692,438,450	Capital increase from employee stock options NT\$2,440,000	None	Note 16
2012.04	21.17 15.84	88,800,000	888,000,000	69,367,845	693,678,450	Capital increase from employee stock options NT\$1,240,000	None	Note 17
2012.05	21.17 15.84	88,800,000	888,000,000	70,001,345	701,013,450	Capital increase from employee stock options NT\$7,335,000	None	Note 18
2012.05	10	88,800,000	888,000,000	69,995,345	699,953,450	Cancellation of treasure stocks (NT\$1,060,000)	None	Note 18
2012.07	21.17 15.84	88,800,000	888,000,000	70,850,345	708,503,450	Capital increase from employee stock options NT\$8,550,000	None	Note 19
2012.08	10	88,800,000	888,000,000	81,911,787	819,117,870	Capital increase from retained earnings NT\$110,614,420	None	Note 20
2012.11	17.9 13.41	88,800,000	888,000,000	82,130,787	821,307,870	Capital increase from employee stock options NT\$2,190,000	None	Note 21
2013.01	13.41	88,800,000	888,000,000	82,244,787	822,447,870	Capital increase from employee stock options NT\$1,140,000	None	Note 22



Month/Year	Issue price (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		No. of Shares	Amount	No. of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2014.08	10	88,800,000	888,000,000	86,816,764	868,167,640	Capital increase from retained earnings NT\$45,719,770	None	Note 23
2015.09	10	150,000,000	1,500,000,000	92,845,871	928,458,710	Capital increase from retained earnings NT\$60,381,070	None	Note 24
2015.10	358	150,000,000	1,500,000,000	99,854,871	998,548,710	Capital increase by cash NT\$70,000,000	None	Note 25
2016.07	10	150,000,000	1,500,000,000	110,316,078	1,103,160,780	Capital increase from retained earnings NT\$104,612,070	None	Note 26
2017.08	10	150,000,000	1,500,000,000	117,159,446	1,171,594,460	Capital increase from retained earnings NT\$68,433,680	None	Note 27
2020.11	10	150,000,000	1,500,000,000	118,259,446	1,182,594,460	Restricted stock for employees NT\$11,000,000	None	Note 28
2021.10	10	200,000,000	2,000,000,000	127,635,909	1,276,359,090	Common stock in private placements NT\$93,764,630	None	Note 29
2021.11	10	200,000,000	2,000,000,000	127,415,909	1,274,159,090	Cancellation of restricted stock for employees NT\$2,200,000	None	Note 30
2022.03	10	200,000,000	2,000,000,000	128,513,945	1,285,139,450	Convertible bonds NT\$10,980,360	None	Note 31

Note 1: Jian Yi Zi No. 87309687 dated July 14, 1998

Note 3: Jian Yi Zi No. 88288232 dated May 5, 1999

Note 5: Jing (88) Shang Zi No. 088146765 dated December 29, 1999

Note 7: Jin Guan Zheng Yi Zi No. 0930133564 dated July 29, 2004

Note 9: Jing Shou Shang Zi No. 09401260560 dated December 19, 2005

Note 11: Jing Shou Shang Zi No. 09901184620 dated August 16, 2010

Note 13: Jing Shou Shang Zi No. 10001093420 dated May 9, 2011

Note 15: Jing Shou Shang Zi No. 10001183340 dated August 17, 2011

Note 17: Jing Shou Shang Zi No. 10101063700 dated April 11, 2012

Note 19: Jing Shou Shang Zi No. 10101135210 dated July 9, 2012

Note 21: Jing Shou Shang Zi No. 10101234640 dated

Note 2: Jian Yi Zi No. 87364033 dated December 29, 1998

Note 4: Jing (88) Shang Zi No. 088126140 dated July 23, 1999

Note 6: (89) Tai Cai Zheng (1) No. 46470 dated May 29, 2000

Note 8: Jin Guan Zheng Yi Zi No. 0940130243 dated July 26, 2005

Note 10: Jin Guan Zheng Yi Zi No. 0950135382 dated August 10, 2006

Note 12: Jing Shou Shang Zi No. 10001053410 dated March 21, 2011

Note 14: Jing Shou Shang Zi No. 10001189820 dated August 16, 2011

Note 16: Jing Shou Shang Zi No. 10001255000 dated November 7, 2011

Note 18: Jing Shou Shang Zi No. 10101093660 dated May 23, 2012

Note 20: Jing Shou Shang Zi No. 10101167670 dated August 14, 2012

Note 22: Jing Shou Shang Zi No. 10101267470 dated

November 12, 2012  
 Note 23: Jing Shou Shang Zi No. 10301176990 dated August 27, 2014  
 Note 25: Jing Shou Shang Zi No.10401223550 dated October 26, 2015  
 Note 27: Jing Shou Shang Zi No.106011115250 dated August 17, 2017  
 Note 29: Jing Shou Shang Zi No.11001192140 dated October 26, 2021  
 Note 31: Jing Shou Shang Zi No.11101142590 dated March 26, 2022

January 2, 2013  
 Note 24: Jing Shou Shang Zi No.10401192830 dated September 14, 2015  
 Note 26: Jing Shou Shang Zi No.10501151490 dated July 7, 2016  
 Note 28: Jing Shou Shang Zi No.10901211000 dated November 18, 2020  
 Note 30: Jing Shou Shang Zi No.11001211910 dated November 23, 2021

2022.4.13  
 Unit: Share(s)

Types of Shares	Authorized Capital			Remarks
	Outstanding Shares (Note)	Unissued Shares	Total	
Registered common shares	128,513,945	71,486,055	200,000,000	TPEX-listed shares

Note: Please indicate whether the shares are TWSE/TPEX-listed shares (Please note if the shares are restricted from trading at TWSE/TPEX).

**Information for Shelf Registration:** Not applicable.

(II) Shareholder composition

2022.4.24

Quantity \ Type	Government Agencies	Financial Institutions	Other Juridical Persons	Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	31	78	17,542	145	17,896
Shareholding (shares)	0	4,096,111	28,976,222	67,840,506	27,601,106	128,513,945
Shareholding Percentage (%)	0%	3.19%	22.54%	52.79%	21.48%	100%

Note: Foreign issuers shall disclose the proportion of its shares held by investors from Mainland China. Investors from Mainland China refers to natural persons, juridical persons, organizations, or institutions of the Mainland China, or companies in areas other than Taiwan and Mainland China invested by aforementioned entities as defined in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in the Taiwan Area. (The Company has no investors from Mainland China)

(III) Shareholding Distribution Status

(Common stock)

2022.4.13

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Shareholding Percentage (%)
1 ~ 999	4,870	753,894	0.59 %
1,000 ~ 5,000	11,063	20,153,293	15.68 %
5,001 ~ 10,000	967	7,345,872	5.72 %
10,001 ~ 15,000	293	3,787,340	2.95 %

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Shareholding Percentage (%)
15,001 ~ 20,000	146	2,686,431	2.09 %
20,001 ~ 30,000	141	3,553,921	2.77 %
30,001 ~ 40,000	85	3,034,419	2.36 %
40,001 ~ 50,000	40	1,784,374	1.39 %
50,001 ~ 100,000	80	5,600,554	4.36 %
100,001 ~ 200,000	47	6,768,250	5.27 %
200,001 ~ 400,000	24	7,032,159	5.47 %
400,001 ~ 600,000	12	6,058,847	4.71 %
600,001 ~ 800,000	6	4,273,439	3.32 %
800,001 ~ 1,000,000	4	3,753,938	2.92 %
Over 1,000,001	18	51,927,214	40.40 %
Total	17,796	128,513,945	100 %

(IV) List of major shareholders: Names, number of shares held, and the shareholding percentage of those who own 5% or more of the total issued shares or whose shareholding percentage is among the top 10 of all the shareholders.

2022.4.24

Ranking	Name of Major Shareholders	Shareholding (shares)	Shareholding Percentage (%)
1	Site Inc.	18,907,864	14.71%
2	LGT Bank (Singapore) Investment Fund under the custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	6,366,000	4.95%
3	HSBC Trusted with Yishun Fund - Yishun Greater China Equity Fund	3,211,899	2.50%
4	Apu Jan	2,502,505	1.95%
5	Yi-Ming Zhou	2,196,528	1.71%
6	CDIB Venture Capital Corporation	1,875,293	1.46%
7	Chunghwa Investment Co., Ltd.	1,875,293	1.46%
8	Yi-Dan Huang	1,840,000	1.43%
9	Hung-Tze Jan	1,667,427	1.30%
10	HSBC Trusted with Yishun Fund - Yishun Asia Opportunities Equity Fund	1,614,202	1.26%

(V) Market price, net worth, earnings, and dividends in the past two years

Unit: Unit: NT\$; Thousands of Shares; %

Item	Year	2020	2021	As of March 31, 2022
		Market Prices per Share (Note 1)	Highest	147
	Lowest	64.1	77.3	77.2
	Average	103.88	120.88	105.29
Net Worth	Before distribution	34.53	59.56	59.13

Item		Year	2020	2021	As of March 31, 2022
per Share (Note 2)	After distribution		33.23 (Note 9)	59.51(Note 9)	—
Earnings per share	Weighted Average Shares (in thousands of shares)		117,159	116,588	127,538
	Earnings per share (Note 3)	Before Adjustment	2.16	0.84	(0.25)
		After Adjustment	2.16	0.84	—
Dividends per Share	Cash Dividend		1.3 (Note 9)	0.5 (Note 9)	Not applicable
	Stock Dividend	From Retained Earnings	0	0	Not applicable
		From Capital Surplus	0	0	Not applicable
	Accumulated Undistributed Dividends (Note 4)		0	0	Not applicable
Return on Investment Analysis	Price/Earnings Ratio (Note 5)		48	144	Not applicable
	Price/Dividend Ratio (Note 6)		80	242	Not applicable
	Cash Dividend Yield Rate (Note 7)		1.25%	0.41%	Not applicable

\* If stocks are distributed from retained earnings or capital surplus, the market prices and cash dividends retroactively adjusted based on number of shares distributed shall be disclosed additionally.

Note 1: List the highest and lowest market price of the common shares for each year, and calculate average market price for each year in reference to the transaction value and volume.

Note 2: The numbers are based on the number of shares outstanding at the end of year and the distribution plan approved by the shareholders' meeting held in the following year.

Note 3: If there are any retroactive adjustments needed due to stock dividends, Earnings per Share before and after the adjustment shall be listed.

Note 4: If conditions for equity securities issuance allow undistributed dividends to be accumulated for distribution until the year when profits are generated, the Company shall disclose separately the accumulated undistributed dividends up to this year.

Note 5: Price/Earnings Ratio = Average Closing Price for the Year/Earnings Per Share

Note 6: Price/Dividend Ratio = Average Closing Price for the Year/Cash Dividends per Share

Note 7: Cash Dividend Yield = Cash Dividends per Share/Average Closing Price for the Year

Note 8: The net value per share and earnings per share shall be filled in the information audited (reviewed) by the CPFs in the latest quarter as of the printing date of the annual report; the remaining fields shall be filled in the current annual data as of the date of publication of the annual report.

Note 9: Refers to the amount determined by the Board of Directors on March 23, 2022.

#### (VI) Dividend policy and implementations:

##### 1. Dividend policy as per the Articles of Incorporation

Profits for the year, if any, shall be used to pay all taxes in accordance with laws and regulations and to offset prior years' losses. 10% of the remaining balance thereafter shall be kept as legal reserve. If requested by the competent authority, a special reserve shall be made or reversed pursuant to Article 41 of the Securities and Exchange Act. Next, the remaining balance plus undistributed earnings from previous years, except for retained earnings, shall be allocated as follows:

Bonus to the Company's employees and employees of the Company's affiliates that are approved by the Board of Directors shall be between 1 percent and 15 percent of the balance. Remuneration to Directors and Supervisors shall not be higher than 1.5 percent of the balance. The Board of Directors shall draft earning distribution proposal on the remaining balance and submit it to the shareholders' meeting for a resolution.

The Company adopts the residual dividend policy. Capital expenditures estimated in the capital budget are financed by available earnings. The remaining earnings can then be used to pay dividends to shareholders in the form of stock or cash. However, the stock dividends distributed shall not exceed 80 percent of the total dividends. The amount, types and proportions of dividends to be paid shall be approved by the Board of Directors and be submitted to the shareholders' meeting for a resolution.

Concrete and clear dividend policy : Dividend distribution of previous years

Year	Cash dividends	Stock Dividend		Ex-Right/Dividend Date	Date of Shareholders' Meeting
		From Retained Earnings	From Capital Surplus		
2004	0.72322086	0.31999989	0	2005.8.20	2005.6.24
2005	0.29963511	0.07490875	0	2006.9.5	2006.6.26
2006	0	0	0	Not applicable	2007.6.22
2007	0	0	0	Not applicable	2008.6.27
2008	0.52636330	0	0	2009.7.27	2009.6.10
2009	1.63095546	0.40773880	0	2010.8.5	2010.6.14
2010	3.78200038	1.62085737	0	2011.7.25	2011.6.17
2011	3.64289427	1.56124039	0	2012.8.7	2012.6.19
2012	2.99026946	0	0	2013.7.21	2013.6.26
2013	3.61334202	0.55589870	0	2014.8.17	2014.6.24
2014	4.52075130	0.69550010	0	2015.8.25	2015.6.22
2015	5.23820600	1.04764113	0	2016.8.10	2016.6.21
2016	4.96273487	0.62034185	0	2017.7.27	2017.6.22
2017	0	0	0	Not applicable	2018.6.13
2018	0	0	0	Not applicable	2019.6.14
2019	0.7	0	0	2020.7.21	2020.6.24
2020	1.3	0	0	—	2021.6.11
2021	0.5	0	0	—	2022.6.22

Although the Company's Articles of Incorporation did not specify the distribution ratio of shareholders' bonus, the earnings distribution ratio to the aforementioned profits may be adjusted based on the actual profit, capital budgeting, and capital conditions, and carried out after a resolution from the shareholders' meeting.

Expected future dividend distribution policy:

Employees' remuneration is between 1 percent and 15 percent. Directors' remuneration shall not exceed 1.5 percent.

In principle, the total amount of dividends distributed shall not be less than 50 percent of the earnings available for distribution from previous years.

1.Dividend distribution proposal during the most recent shareholders' meeting

The FY 2021 earnings distribution plan has been formulated in the Board of Directors on March 23, 2022: the total amount of cash dividend is NT\$63,817,473, and the cash dividend per share is NT\$0.5. This case will be taken in accordance with the relevant provisions once the

resolution of the Annual Shareholders' Meeting passed on June 22, 2022.

2. Expecting any major change in dividend policy: None.

(1) Impact of stock dividends on operation performance and earnings per share: Not applicable. (The Company did not prepare financial forecasts).

(2) Remunerations to employees, Directors and Supervisors

3. Percentage or range of remuneration to employees, Directors and Supervisors in the Articles of Incorporation

(1) Employee remuneration: 1%~15%

(2) Remuneration to Directors: No more than 1.5%.

4. The estimation basis of remuneration to employees, Directors and Supervisors, calculation basis for number of shares distributed as employee remuneration, and accounting treatments for difference between estimated and actual payment amount

The estimation basis of remuneration to employees and Directors shall be based on relevant laws and regulations, the Company's Articles of Incorporation, and past experience. Difference between the actual distribution and estimated amount will be treated as changes in accounting estimates and recognized in profit or loss of the following year.

5. Proposed remuneration approved by the Board of Directors

(1) Amount of remuneration to employees, Directors and Supervisors in the form of cash or stock. If the amount is different from the estimates in the year expenses are recognized, the difference, cause and ways of reconciliation shall be disclosed.

According to the resolution of the Board of Directors of the company on February 25, 2022, the amount of remuneration allocated to the employees is NT \$23,701,985 and that to the Directors is NT \$2,660,427, all of which are paid in cash.

(2) Amount of stock distributed as employee compensation and as a percentage to net income of parent company only or individual financial statements and to aggregate compensation to employees: There is no employee compensation in the form of stock.

6. Actual payment of remuneration to employees, Directors and Supervisors in the previous year (including the number of shares, amount and stock price), and if it is different from the amount of remuneration recognized, the differences, causes, and ways of reconciliation shall be disclosed.

In the previous fiscal year (2020), according to the resolution of the Board of Directors on February 25, 2021, the amount of remuneration allocated to the employees is was NT \$24,777,143 and that to the Directors is NT \$2,781,108, all of which are paid in cash. The difference between the amount allocated and the amount recorded is as follows:

Unit: NT\$

Item	Proposed distribution in 2021	Accounts in 2020	Deviation	Reason	Situation
Employee Remuneration	24,777,143	24,777,143	0	—	—
Director Remuneration	2,781,108	2,781,108	0	—	—

## (1)Share repurchases (completed):

2021.4.24

Term of repurchase (Note)	1st
Purpose of repurchase	Shares Transferred to Employees
Term of repurchase	2021/03/22~2021/05/16
Price range of repurchase	60.00~110.00
Type and quantity of shares repurchased	1,230,000 Shares
Amount of shares repurchased	NT\$108,253,999
Ratio of quantity repurchased to scheduled quantity of repurchase (%)	82%
Number of Retired and Transferred Shares	351,000 Shares
Cumulative number of shares held in the Company	879,000 Shares
Proportion of cumulative number of shares held in the Company to total number of shares issued (%)	0.68%

## II. Corporate Bonds (including overseas corporate bonds):

**Corporate Bonds**

Corporate Bonds	First Secured Convertible Corporate Bonds in TW
Issuance Date	2020.10.7
Par value	NT \$100,000
Location of Issuance and Transaction (Note 3)	Domestic
Issue price	107.42% issuance based on par value
Total Amount	NT \$1.5 billion
Interest	0% coupon rate
Maturity	3 years; ending on October 7, 2023
Guarantee Agency	KGI Commercial Bank Co., Ltd., Chang Hwa Commercial Bank, Ltd. and Far East International Bank Co., Ltd.
Trustee	Taishin International Commercial Bank Co., Ltd
Underwriters	KGI Securities Co., Ltd
Lawyers	Formosan Brothers Attorneys-at-Law: Li-Pu Li Lawyer
CPAs	KPMG Zhong-Yi Jiang Accountant, Zhao-Ren Wu Accountant
Redemption	Unless the holder of the convertible corporate bonds is converted into the common stock of the company in accordance with Article 10 of the measures for the issuance and conversion of the first secured convertible corporate bonds in Taiwan (hereinafter referred to as the measures), or the company redeems in advance in accordance with Article 18 of the measures, or the company repurchases and cancels the convertible corporate bonds at the business offices of securities

		firms, the company shall repay the convertible corporate bonds in cash in one lump sum according to the face value of the bonds upon maturity.
Outstanding Principle		NT\$1,379 million
Provision of prepayment and redemption		Please refer to Article 18 of the measures for the issuance and conversion of the Company's first domestic secured convertible bonds in the FY 2020.
Restrictive Provisions (Note 4)		Please refer to Article 7 of the measures for the issuance and conversion of the Company's first domestic secured convertible bonds in the FY 2020.
Credit rating organization name, evaluation date, company review and other results		Not applicable
Others	Converted (exchange or subscription) common stock, depository receipts or other price of securities as of the annual report publish date.	NT\$ 121 million
	Regulations of Issuance and Conversion(Exchange or Subscription)	Please refer to Articles 9 and 10 of the measures for the issuance and conversion of the Company's first domestic secured convertible bonds in the FY 2020.
Potential Dilutive Effects on other Shares and Impact on the Rights of Existing Shareholders due to Regulations of Issuance and Conversion/Exchange/Subscription or Terms of Issue		In view of the possible dilution of equity, the issuance of new shares by cash capital increase will dilute the equity; convertible corporate bonds have no dilution effect on the company's equity before the creditor requests to implement the conversion right, and the creditor can choose a more favorable time point for conversion during the convertible period, so it has a deferred effect on equity dilution. As far as the impact of different financing instruments on equity dilution is concerned(it is assumed that the original shareholder did not participate in the subscription of common shares for cash capital increase), the impact of cash capital increase on equity dilution is greater than that of convertible bonds. The Company's choice of adopting convertible bonds to raise funds will effectively reduce and delay the dilution of equity, thus not having a significant impact on the rights and interests of shareholders. Furthermore, in view of the impact on the existing shareholders' equity, although the conversion of corporate bonds will increase the company's liabilities before the conversion, the conversion of corporate bonds into common shares will not only reduce the liabilities, but also increase the shareholders' equity, thereby increasing the net value of per share. Therefore, in the long run, the existing shareholders' equity will be more protected.
Name of Exchange		Not applicable



- Note 1: The issuance of corporate bonds includes public offering and private placement corporate bonds that are still under preparation. The public offering of corporate bond in the process refers to those going into effect upon the approval of the Meeting; and the private offering of corporate bond in the process refers to those passed upon the approval of the Board Meeting.
- Note 2: The number of spaces shall be adjusted subject to the actual processing times.
- Note 3: To be filled as well if corporate bonds are issued overseas.
- Note 4: Such as restrictions on the distribution of cash dividends, foreign investments or requirement for maintaining the asset ratio at a certain level.
- Note 5: The private placement shall be identified prominently.
- Note 6: Information regarding corporate bond conversion, information regarding corporate bond swap, status of shelf registration for corporate bonds and information regarding equity warrant bonds shall be disclosed in table form according to characteristics.

Information of convertible corporate bond

Corporate Bonds		First Secured Convertible Corporate Bonds	
Year		2020	As to 2022.4.30
Item			
Market value of convertible corporate bond	Highest	147	142
	Lowest	64.1	107.6
	Average	103.87	119.95
Conversion price		NT\$ 112	
Issuance (processing) date and issuance conversion price		Issue Date 2020.10.7 Conversion price at issuances: NT\$112,000 / sheet	
Obligation of conversion		New issue	

**III.Preferred Shares:** None.

**VI.Participation in Global Depository Receipts:** None.

**V.Employee Stock Options:** None.

## VI. Employee Restricted Stock

### (I) Employee Restricted Stock

2021.12.31

Employee Restricted Stock Type	Restricted Employee Shares in 2020 First New Restricted Employee Shares
Effective Date	2020/9/11
Issue Date	2020/11/18
Number of new restricted employee shares issued	1,100,000 shares
Issue price	Shares will be issued at NT\$0 per share, as bonus shares to employees.
Ratio of the total number of issued shares accounted for by the number of new employee rights restricted shares already issued	0.94%
Vesting Conditions of New Restricted Employee Shares	<p>1. The new shares for RSA will be vested in three years. Performance is assessed when the financial statements of the previous year are issued (before March 31 of each year). Those who meet the overall indicators such as the Company's financial performance and individual work performance stipulated in the Rules Governing the Issuance of New Shares for Employee Restricted Stock Awards.</p> <p>2. The Company's financial performance is assessed based on revenue growth rate and after-tax earnings per share while individual work performance is assessed in accordance with the Company's performance assessment rules.</p> <p>3. The vested conditions are as follows:  (1) Conditions on Company financial performance:  The performance standards of the Company when issuing the annual financial statements after the date of giving (issue date) (before March 31 of each year) are as follows:  A. Revenue growth rate: Revenue of the year shall grow by 10% or more compared to the average revenue of the previous three years.  B. Earnings Per Share (EPS)  2020 EPS shall be NT\$3.0 or above  2021 EPS shall be NT\$3.6 or above  2022 EPS shall be NT\$4.3 or above  Where both conditions of revenue growth rate and EPS are met, 100% of the RSAs for the period will be vested. If only one condition is satisfied, 50% of the</p>

	<p>RSAs for the period will be vested. However, before calculating EPS for the year, if there are changes in the number of common shares issued, the EPS target may be adjusted according to the percentages of changes.</p> <p>C.Conditions on individual work performance of employee:</p> <p>An employee who remains employed at the Company one, two and three years after the grant date of RSAs and does not violate any of the Company's labor contract, work rules or regulations as well as has personal performance satisfying the target performance set by the Company during the one-year period prior to the end of the period, grade B or above according to the performance appraisal management method of the Company.</p> <p>Where the Company's financial performance and employee's personal performance meet the aforementioned standards in the first year, 40% of the RSAs will be vested one year after the grant date.</p> <p>Where the Company's financial performance and employee's personal performance meet the aforementioned standards in the second year, 30% of the RSAs will be vested. Where the Company's financial performance and employee's personal performance meet the aforementioned standards in the third year, 30% of the RSAs will be vested.</p> <p>After being granted new shares for RSA, if employees violate the Rules, trust contract, labor contract, work rules, etc., the Company has the right to reclaim the unvested RSAs (including stock dividends received) without cost and cancelled them.</p>
<p>Restriction of rights on new restricted employee shares</p>	<p>1.New shares for RSA issued under the Rules will be deposited in trust accounts in the names of employees for safekeeping. Restrictions on the rights of unvested RSA are as follows:</p> <p>(1)Except for inheritance, the new shares for RSA shall not be sold, collateralized, transferred, bestowed, pledged, or disposed of by other means.</p> <p>(2)The rights to attend, propose, speak and vote in the shareholders' meetings and any other rights of shareholders are entrusted to the custodian to be exercised in accordance with contracts.</p> <p>2.Except for restrictions from the trust agreement, before the new shares for RSA can satisfy the vesting conditions, their other rights, including but not limited to: dividends,</p>

	bonuses, allotment rights of capital surplus, and subscription rights in capital increased by cash, are the same as the Company's common shares.
Employee Restricted Stock	<p>1. When new shares for RSA are under the trust agreements, the Company can fully represent its employees in dealing with the stock trust agency concerning the following transactions (including but not limited to) the negotiation, signing, amendment, extension, cancellation, termination of trust contracts, as well as instructions on the transfer, use and disposal of trust property.</p> <p>2. The issuance of new shares for RSA is conducted through custodial trust of the shares. Prior to meeting the vesting conditions, employees shall not, for any reason or by any mean, ask the trustees to return the new shares for RSA.</p>
The Procedures for Handling Allocated or Subscribed New Shares without Meeting the Vested Conditions	After receiving new shares for RSA, if employees fail to meet the vesting conditions, the unvested RSAs (including stock dividends received) will be reclaimed without cost and cancelled by the Company. Inheritance shall be handled in accordance with the relevant provisions of RSA new share issuance measures.
Recovered or Purchased New Restricted Employee Shares	220,000 shares
The number of shares which the restricted rights of new restricted employee shares have been lifted	220,000 shares
The number of shares which the restricted rights of new restricted employee shares have not been lifted	6,600,000 shares
The ratio of shares that the restricted rights of new restricted employee shares have not been lifted Ratio of total issued shares (%)	0.517%
Impact on shareholder equity	Based on the three-year vesting period plus the current number of outstanding shares, the impact on earnings per share will be approximately NT\$ 0.03 to NT\$ 0.05 per year. However, based on the overall assessment, the Company expects future revenue and profitability to grow, so the annual expense amount has not yet had a significant impact on shareholders' equity.

## (II) Name of the commissioned custodian of exchangeable underlying

2021.12.31

Unit: 1,000 shares / NT\$1,000

	Title (Note 1) Name	Number of new shares obtained with restricted employee rights	Ratio of released restricted shares to the total shares issued	Released restricted rights (Note 2)				Unreleased restricted rights (Note 2)													
				Number of released restricted shares	Issue Price (NT\$)	Issue amount	Ratio of released restricted shares to the total shares issued	Number of unreleased restricted shares	Issue Price (NT\$)	Issue amount	Ratio of unreleased restricted shares to the total shares issued										
Managers and employees	General Manager Kevin Tsai	900	0.71%	360	0	0	0.28%	540	0	0	0.42%										
	Deputy General Manager Vicky Tseng																				
	Deputy General Manager Leo Lu																				
	Deputy General Manager Yu-Shu Hu																				
	Deputy General Manager Cheng-Ching Wei																				
	Assistant Vice President Kun-Ju Han																				
	Assistant Vice President Ying-Hsuan Chao																				
	Assistant Vice President Zan-Yuan Chen																				
	Marketing Director Zi-Wei Zhong																				
	Commodities Director Rui-Zheng Zheng																				
	Commodities Director Yi-Ying Wu											200	0.16%	80	0	0	0.06%	120	0	0	0.09%
	Brand Director Bing-Rong Wu																				
	Technology Director Zhu-Ji Lin																				

Note 1: The name and title of managerial officers and employees (specify departure or death if any) shall be disclosed separately, but the number of new restricted employee shares distributed or acquired may be disclosed collectively.

Note 2: The number of spaces shall be adjusted subject to the actual circumstances.

Note 3: The top ten employees who hold the new restricted employee shares refer to employees outside managerial officers.

Note 4: Total shares issued shall refer to shares registered with the Ministry of Economic Affairs.

**VII. Status of New Share Issuance in Connection with Mergers and Acquisitions:** None.**VIII. Implementation of Capital Utilization Plan**

The Company's private placement of marketable securities for the FY 2021 and as of the last quarter prior to the annual report publish date is listed here, where the analysis of the program content and the evaluation of its implementation benefits are summarized as follows:

Item	First private placement in 2021 (Note 1) Issue Date 2021.9.17
Types of marketable securities in private placement	Common stock
Date and amount approved by the shareholders' meeting	The Company's shareholders' meeting held on July 29, 2021, approved a one-time cash capital increase for private placement of common stock within the 21,000 thousand share quota.
Issuance amount at this time and the date the share payments has been made in full	The Company issued 9,376,463 shares and received the share payments of NT\$ 999,999,778 in full on October 1, 2021.
Actual subscription price	NT\$106.65 per share
Implementation of Private Placement Funds Utilization Plan	<ol style="list-style-type: none"> <li>1. The funds raised at this time are expected to be used for one or more purposes, such as investing in technology related to e-commerce products, enhancing working capital, improving financial structure and or supporting other capital needs for the Company's long-term development.</li> <li>2. The Company used the private placement funds to enrich its working capital in the fourth quarter of 2021.</li> </ol>
Expected benefits	The private placement funds raised at this time plans to enrich the working capital to reduce the loan amount to financial institutions and reduce the interest burden. In terms of the Company's average loan interest rate of about 1.3%, it is expected to save about NT\$13 million in interest expenses per year, which will moderately reduce the company's financial burden, enhance its solvency and improve its financial structure. The foregoing will be conducive to the Company's overall operational development.
Date of information disclosure on the MOPS	2022.01.19

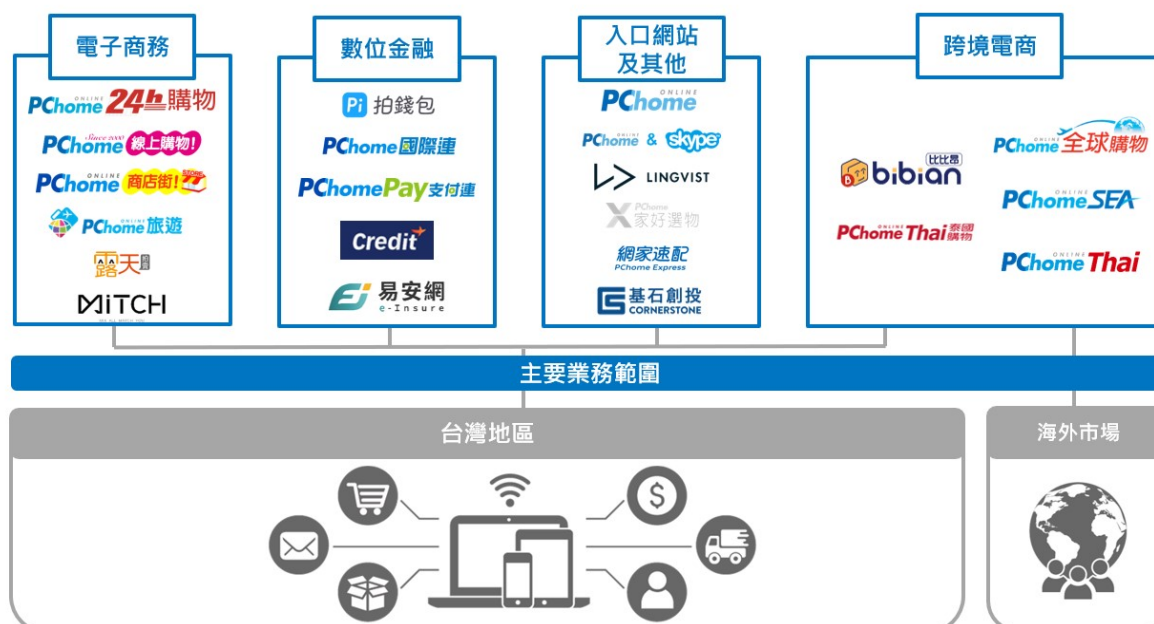
## Chapter 5 Operational Highlights

### I. Business Activities

#### (I) Business scope

##### 1. Main business

The Company's business operations focus on network services, including e-commerce, digital finance and portal services, as shown in the figure below.



Business Services and Content Framework of the Company

##### 2. Product as a percentage of sales

Unit: NT\$ thousands

Product\Year	2021	Weighting (%)
E-Commerce Business Group	48,149,317	99.1 %
Others	430,050	0.9 %
Total	48,579,367	100 %

##### 3. Current products (services)

PChome Online Inc. is an integrated network service provider group. Its business scope covers e-commerce, digital finance, portal services and other network services. At present, it has more than 20 services, including B2C online shopping platform—PChome 24h Shopping/PChome Online Shopping; C2C auction platform—PChome eBay; B2B2C store opening platform—PChome Store; travel e-commerce platform—PChome Travel; fashion selection e-commerce—MiTCH; cross-border e-commerce platforms—PChome Global, Bibian and PChomeSEA; Pi Wallet for mobile payment; PChomePay for third-party payment; PChome Interpay for electronic payment; as well as e-Insure and 21st Century Technology for FinTech.

##### 4. New products or services scheduled to be developed

As an information service provider, we take "adhering to innovation and creating value" as the corporate core spirit, especially focusing on the sales and operation in the e-commerce

field . We believe that only by using network technology and application innovation can we continuously create more value, benefits and innovative user experience for our network users. This is why innovation in information services is a competitive niche for the Company. All of our departments are able to create, manage and access the operational information involved in our workflow, with which they further provide optimized services.

Among them, the Product Service and Technology Development Department not only closely observes the global consumer trends and consumer demands in Taiwan, but actively incorporates new products and services into its operation model, implements R&D project management and execution progress, and effectively monitors and controls R&D progress to shorten the R&D time. In order to strengthen the R&D team, the Company continuously reviews the effectiveness of project implementation annually and formulates efficient training to improve the overall competence of the team, so that new product and service development has become the crucial factor in enhancing customer satisfaction and operation of the Company.

The Company continues to innovate and improve its internal operating process. It streamlines its operating process by cutting down unnecessary manual operations and increasing automated operations. Also, it expects to analyze and predict possible consumer consumption patterns using the sales big data in order to significantly improve the customer service quality, and thereby enhance the Company's competitiveness. The Company will propose all sorts of projects in its future R&D plans according to its requirements. Those projects are planned based on the Company's operating goals and medium- and long-term business plans, in the hope of becoming the benchmark of the best integrated network service provider and thereby enhancing the overall competitiveness of the industry. The major new products, technologies and system services planned to be developed are as follows:

Project Title	Project Content
<p style="text-align: center;">Chunghwa Post Logistics Park (A7)</p>	<p>In 2007, PChome 24h Shopping pioneered a same-day delivery zone to promote the rapid growth of Taiwan's e-commerce and logistics industry. In order to master more comprehensive services, we also set up our own logistics fleet to control the delivery speed and quality. By actively building an intellectualized international e-commerce logistic park, the Company improves its all-round logistics layout in increasing the storage area by 50%, extensively using AI in combination with logistics, and utilizing automation technology to reduce manpower and accelerate the order picking speed. Upon the opening of said logistic park, it is expected that the parcel processing capacity will be increased by more than 1 time, and the transportation capacity 2 times.</p>
<p>Intellectualized      Logistics      Warehouse</p>	<p>PChome is the first to develop and introduce an</p>



Project Title	Project Content
Management Automation System	intelligent warehouse management system that utilizes powerful intelligent scheduling technology, high efficiency intelligent automatic warehousing technology, precise warehousing control, big data prediction and sales recommendation, so as to improve customers' high-value service. The Company has also developed the AI intelligent product fair snatching technology to return a fair trading environment to our consumers, thereby effectively protecting their shopping rights, enhancing their shopping experience, and improving their trust and loyalty to the e-commerce platform.
PChome "Loan" Digital Finance Ecosystem	Having developed PChome Loan on the information flow of PChome 24h Shopping website, the Company partnered with many financial institutions, including commercial banks and P2P platforms, to establish a customized supplier evaluation model and credit rating analysis. PChome Loan simplifies the process of providing information to financial institutions for review, helps suppliers improve their chances of obtaining loans by using the Company's e-commerce operation information, and strengthens financial institutions' "risk control" with our e-commerce big data. It therefore creates a win-win-win situation for PChome, suppliers and financial institutions.

## (II) Industry overview

### 1. Industry current status and developments

#### (1) Analysis of the online retail market in Taiwan

##### 1) Internet access rate in Taiwan reaches 85.7% in the second half of 2021.

According to the survey report by "InsightXplorer Limited," the proportion of Taiwanese people using the Internet has continued to rise since 2019, and the overall Internet access rate in Taiwan reached 85.7% in the second half of 2021. According to the current situation of Taiwan's domestic development, the Internet access rate of men (87.5%) is larger than that of women (84%); in terms of age, it can be found that the Internet access rate of people under the age of 49 is above 96%, while the Internet access rate of people over 50 is only 71%.

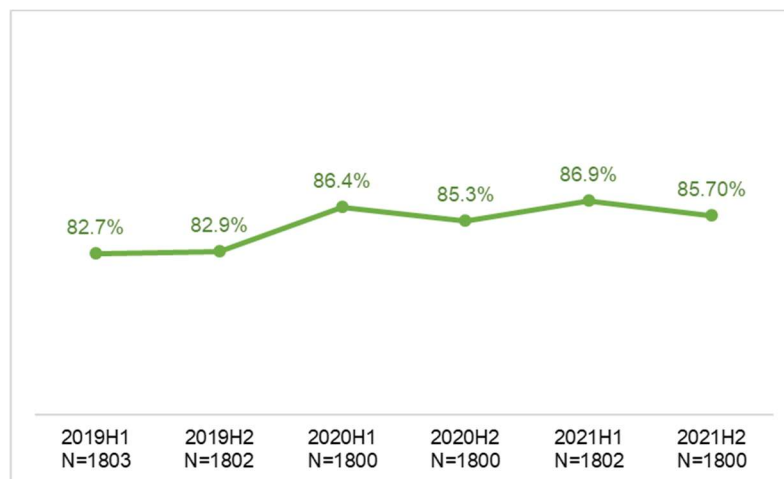


Figure: Overall Internet Access Rate of Taiwanese People from 2019 to 2021  
(Source: InsightXplorer Limited, 2022)

	Total	性別		年齡				
		男性	女性	19歲以下*	20~29歲	30~39歲	40~49歲	50歲以上
2020H1	86.4%	87.3%	85.6%	95.8%	100.0%	97.1%	97.7%	71.3%
2020H2	85.3%	85.2%	85.5%	95.4%	98.4%	98.5%	95.4%	69.6%
2021H1	86.9%	87.2%	86.6%	96.7%	98.8%	98.6%	98.7%	72.2%
2021H2	85.7%	87.5%	84.0%	97.8%	97.8%	99.3%	96.6%	71.9%

為百分比高於平均 5%以上族群  
 Base : 2020H1全體受訪者 N=1800  
 2020H2全體受訪者 N=1800  
 2021H1全體受訪者 N=1802  
 2021H2全體受訪者 N=1800  
 資料來源：創市際市場研究顧問

\*備註：2021H1(含)前最低年齡層為10-19歲，2021H2為15-19歲

Figure: Gender and age distribution of Internet access rates among Taiwanese people  
(Source: InsightXplorer Limited, 2022)

2) Over 80% of Taiwanese people used mobile phones to access the Internet in 2021. According to the survey report by "InsightXplorer Limited," mobile phones were the devices with the highest Internet access rate (85.1%), followed by computers (52.9%). Data analysis reveals that people are increasingly using mobile phones to access the Internet for convenience, which shows that the reliance of Internet users on mobile phones is increasing.

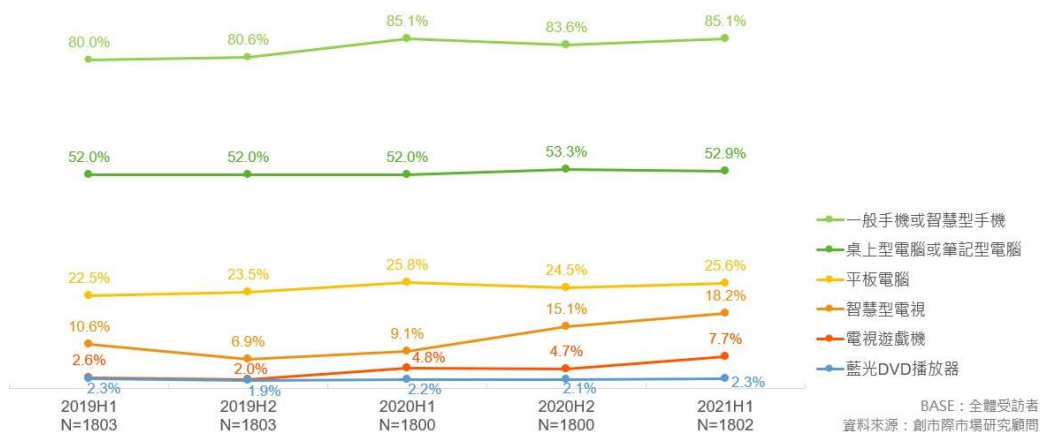
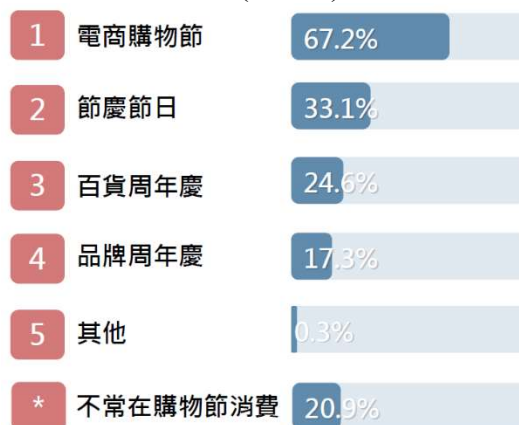


Figure: Internet access rates by device type from 2019 to 2021  
(Source: InsightXplorer Limited, 2021)

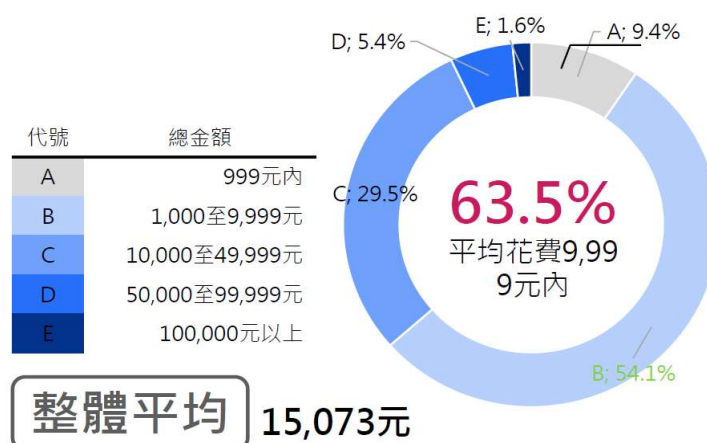
3) In 2021, 67.2% of people in Taiwan participated in the e-commerce online shopping festival, with an average spending of NT\$15,073.

According to the 2021 e-commerce shopping festival survey conducted by the Institute for Information Industry (III), 67% of consumers in Taiwan often participate in e-commerce shopping festivals, far exceeding holiday festivals (33.1%), department stores' annual sales festivals (24.6%) and brands' annual sales festivals (17.3%).



Types of "shopping Festivals" that people in Taiwan would often spend their money (Source: Survey of E-commerce Shopping Festival by the Market Intelligence & Consulting Institute (MIC) of III, 2021)

Specifically, for those consumers who ever shopped at e-commerce shopping festivals, their average annual spending is NT\$15,073; 63.5% of them spend less than NT\$10,000, while 7% of them with high consumption power spend over NT\$ 50,000 a year. Data analysis shows that Taiwan's online shopping market has strong potential and growth momentum thanks to its becoming more mature, as well as the improved Internet environment and festive promotional activities in tandem with shopping websites that significantly increase the frequency of consumers' consumption at e-commerce online shopping festivals.



The aggregate spending range of Taiwanese people at e-commerce online shopping festivals. (Source: Survey of E-commerce Shopping Festival by the Market Intelligence & Consulting Institute (MIC) of III, 2021)

4) Incessant online shopping business opportunities in 2021 and persistent hot sales in staple goods

According to a research report by Kantar, a market research agency, staple necessities were the main items of online shopping during the 2021 epidemic in Taiwan, with the top

three most hot-selling items being the most in demand: beverages and snacks (40%), personal sanitary and hygiene products (38%) and dried foods (37%). In particular, the proportion of sales of fresh fruits, vegetables and refrigerated frozen foods increased from 18% in March 2020 to 32%, having greatly increased to become one of the hot-selling commodities. Apparently, it is obviously related to the Level 3 epidemic alert measures. Since the outbreak of the COVID-19 epidemic, online shopping has become a part of everyday life, and the proportion of consumers shopping online for daily staple necessities has been increasing and continues to grow to date.

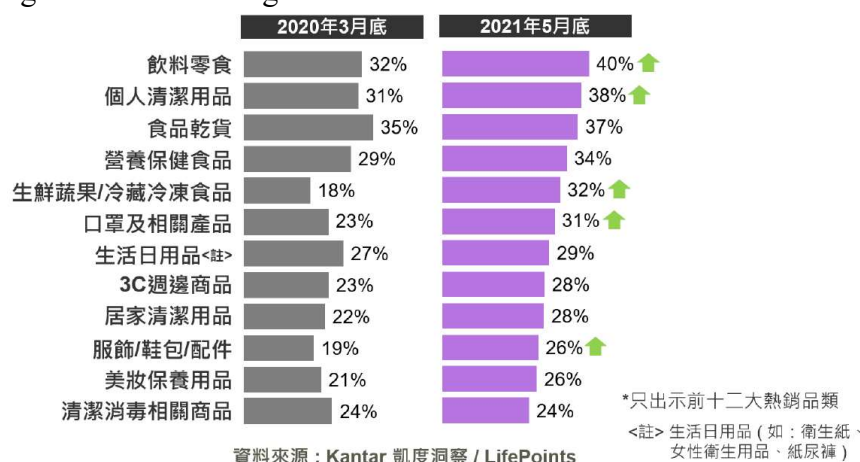


Figure: Hot-selling items of online shopping in 2020 and 2021  
(Source: Kantar (Insights Division), 2021)

(2) Analysis of international trends on the online retail industry market

1) Asia accounts for 54.9% of the world's online population with high potential market output  
According to the "Internet World Stats" report, there were about 5.1 billion Internet users worldwide in 2021. Among them, about 2.76 billion Internet users were in Asia, accounting for 54% of global users, ranking first among all regions, while the second-ranked European Internet users were about 730 million, accounting for less than one-third of Asia. The weighting of workforces continues to climb in the Asia-Pacific region, and this demographic dividend advantage will transform into a strong growth momentum.

Internet Users in the World  
by Geographic Regions - 2021

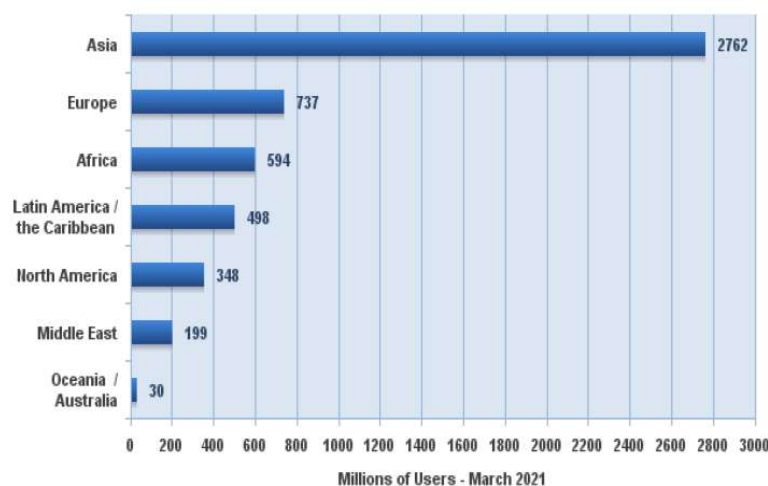


Figure: Global Internet user Profile

(Source: Internet Users in the World of Internet World Stats, 2021)

According to the survey report, with regard to Internet penetration rate, North America ranks first with 93.9%, followed by 88.2% in Europe. Even with the highest number of Internet users, Asia ranks second to last with its penetration rate of 63.8%, lower than the world average penetration rate of 65.6%. The result again clearly shows that the Asian Internet market still has ample room for growth in terms of market scale and potential value.

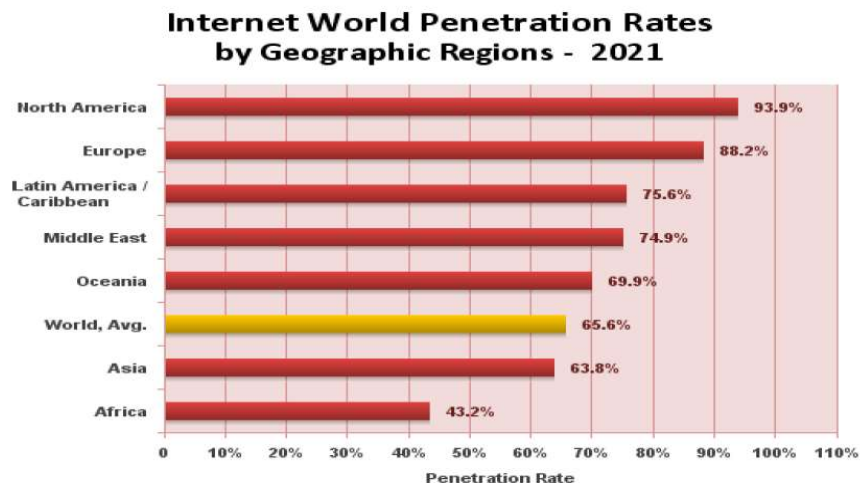


Figure: Global Internet Penetration Rate

(Source: Internet Users in the World of Internet World Stats, 2021)

2) In 2021, the global retail e-commerce sales amounted to US\$4.9 trillion, an annual growth rate of 16.6%.

According to the report on retail e-commerce trends issued by the research institution, eMarketer, the global retail e-commerce sales will increase from US\$3.3 trillion in 2019 to US\$7.3 trillion by the end of 2025, accounting for 9% of the overall retail sales and 24.% of the overall retail market. This shows the proportion of e-commerce within the retail industry is increasing. Although the growth has been slow due to a higher base, it still demonstrates a strong double-digit growth. Moreover, as the sales amount rises every year, e-commerce still has room for substantial growth. Its future development is promising.

**Retail Ecommerce Sales Worldwide, 2019-2025**  
trillions, % change, and % of total retail sales

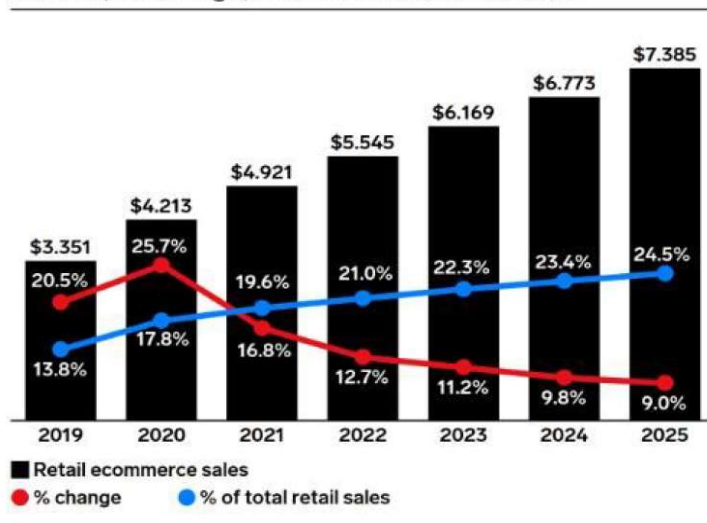


Figure: Global E-commerce Market Scale from 2019 to 2025  
(Source: Survey Report of eMarketer, 2021)

3) B2B e-commerce will be a global trend, with GMV growing to \$20.9 trillion by 2027.

According to the "Google's '2021 Taiwanese Enterprise Cross-border Key Report, the epidemic continues to affect global trade patterns. By 2027, with global B2B e-commerce gross transaction volume (GMV) expected to grow at a compound annual growth rate of 6.9% to US\$ 20.9 trillion by 2027, and with data analysis indicating that B2B will become a global trend. Under the influence of the epidemic, Gartner, an international authoritative research institute, estimates that by 2025, nearly 80% of the world's B2B business will occur on the Internet. Looking at the future B2B market, the importance of cross-border e-commerce is getting higher and higher.



Figure: Global B2B e-commerce GMV estimated from 2013 to 2027  
("Google" Taiwanese Enterprise Cross-border Key Report, 2021)

4) The fast rising Southeast Asia e-commerce market is estimated to generate a GMV of the online economy up to US\$ 363 billion by 2025.

According to the "Google e-Conomy SEA" report, the number of Internet users in Southeast Asia has grown rapidly. Since the COVID-19 epidemic, it has increased by 40 million a year from 360 million in 2019. At present, there are 440 million Internet users in the Southeast Asian market, which is more than 20 times the size of Taiwan's Internet population, indeed great business opportunities. Meanwhile, the scale of the overall Southeast Asian online economy is rising steadily. The Google e-Conomy SEA 2021 report continues to increase its estimated growth, and predicts that the overall Southeast Asian online economy will reach US\$363 billion by 2025. It is evident that the Southeast Asian e-commerce market in the post-epidemic era has entered a period of rapid growth.

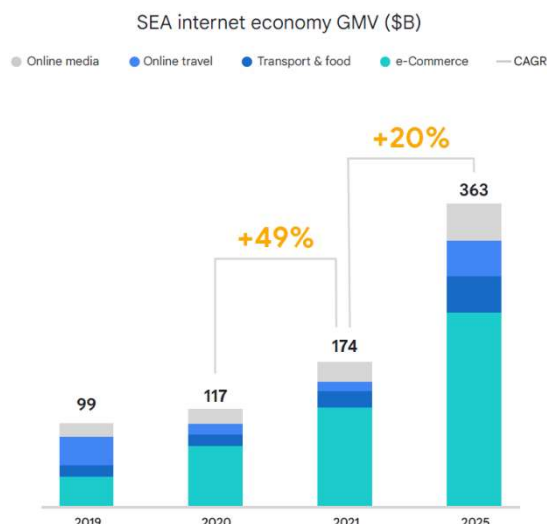


Figure: Southeast Asian online economy GMV estimated from 2019 to 2025  
(Source: Google e-Conomy SEA, 2021)

### 2. Correlation between upstream, midstream, and downstream of the industry

The procedures the Company's main business, e-commerce, and its relationship with midstream and downstream are shown in the figure below:



### 3. Promotion policies, trends and sustainable development of the e-commerce industry

(1) The development of how the competent authority attaches great importance to the e-commerce industry

1) The Council of Agriculture of the Executive Yuan promotes the development of e-commerce for domestic agricultural products and assists e-commerce companies in matching with local supply units.

According to data from the Council of Agriculture of the Executive Yuan, since the epidemic prevention alert was lifted on May 11, 2021, the sales of e-commerce agricultural fresh food materials has increased by about 50%, and upon the local COVID cases in Taiwan

increasing significantly on May 12 of the same year, the orders of frozen products on that day increased by nearly three times.

As the epidemic continues to spread, significant changes are found in industry and lifestyles, causing an increasing number of orders for online or delivery of fresh produce and processed foods. Consequently, The Council of Agriculture of the Executive Yuan is actively matchmaking e-commerce companies with suppliers, such as youth farmers, professional farmers, farmers' associations and farming cooperatives to expand the supply and ensure a secure supply of agricultural food, allowing consumers to feel relieved at home for epidemic prevention.

In view of the fact that the Stay-at-Home Economy motivates consumers to cook and eat at home, and online procurement of fresh and frozen food has become a trend, the Company continues to optimize all sorts of services, and has specially launched its "PChome Fresh Food Zone." Utilizing big data analysis, the Company precisely evaluates the purchase volume and purchase time of fresh food to deliver the freshest ingredients to consumers, more strictly check partnership suppliers, and give prioritized listing of products that are securely traceable and organically certified.

2) In response to the Executive Yuan's promotion of the quintuple stimulus vouchers, the Pi Wallet APP was opened to add said vouchers.

In the second half of 2021, Taiwan began to implement a Level 3 Alert due to the epidemic and the domestic demand market was significantly affected. Therefore, the Executive Yuan actively implemented its policy of quintuple stimulus vouchers in October 2021, and allowed the integrated e-commerce platforms for the first time to be included in the applicable scope. According to a survey by the Department of Statistics of the Ministry of Economic Affairs, the revenue of the wholesale industry reached NT\$ 1.07 trillion in October 2021, and that of the retail sector reached \$373 billion in October 2021, both of which were record highs for a single month in a year. Among them, storeless retail sales reached NT\$ 30.6 billion in October, an annual increase of 19%, which was not only a positive growth for 21 consecutive months, but also a new record high in the same month over the years. The Taiwan government's stimulus package launched various promotional activities to boost the revenue performance of the wholesale, retail and restaurant sectors in October 2021.

In response to the Taiwan government's policy, the Company has launched the "Quintuple Stimulus Vouchers Zone" to strive for economic revitalization by engaging small and medium-sized shops, small farmers, sheltered workshops and other businesses, in local production, proposing a scheme to reduce or waive their platform slotting fees, providing them our marketing and promotional resources, integrating the Company's over 20 years of online sales experience and service in payment flow, logistics, customer service and the like, as well as leveraging advantage of tens of millions of members to complement the multi-faceted operations of brick-and-mortar retailers.

In response to the Taiwan government's policy, PChome's Pi Wallet launched the "PPoint Rebate With Up to 100% Payback!" Program by allowing the Pi Wallet APP users to add their digital quintuple stimulus vouchers, in an attempt to persistently expand and revitalize the benefits of said quintuple stimulus vouchers. The program encourages members who have added their quintuple stimulus vouchers to the Pi Wallet APP to enjoy the PPoints rebate.



Every time they successfully recommend a friend to add his/her vouchers, they can enjoy getting 50 PPoints rebate in a single transaction without specifying the amount of spending; and if they successfully recommend one having commonly added several persons' digital vouchers to the Pi Wallet APP, they can enjoy getting 50 PPoints rebate multiplying the total number of the aforesaid persons. There is no upper limit to the times of rebate, and the total number of rebates will be up to 5 million PPoints. By expanding the scope and frequency of consumption through PPoints rewards, we desire to promote the continuous circulation of cooperative channels and to multiply the active effect of the market economy by utilizing point economy.

- 3) In response to the promotion of the "Recycling Bag (Box) Pilot Scheme" by the Environmental Protection Agency of the Executive Yuan by practicing the reuse of online shopping packaging materials

As a result of the change in consumer shopping habits due to the epidemic, the proportion of online shopping has increased year on year. According to the statistics of the Ministry of Economic Affairs, the turnover of electronic shopping has reached NT\$ 241.2 billion in 2020, using about 35,000 metric tons of online shopping packaging. In order to reduce the amount of disposable packaging generated by online shopping, the Environmental Protection Administration of the Executive Yuan promotes the "Recycling Bag (Box) Pilot Scheme" and focuses on reducing waste in three aspects: packaging reduction, environmental protection materials and recycling packaging materials, of which the promotion of online shopping recycling bags (boxes) is a key goal. According to the EPA statistics, B2C online shoppers have achieved a total cumulative reduction of 4,092.8 metric tons since the inception of the 2019 Online Shopping Packaging Reduction Program.

Committed to promoting environmental sustainability, the Company keeps responding to the policy of the Environmental Protection Department of the Executive Yuan for the second consecutive year and partners with the PackAge+ to practice the good intention of reusing packaging materials, and finally once again provide our consumers with the recycling bags upon their being recollected, cleaned and disinfected, striving to increase the utilization rate and recycling rate of recycled packaging materials.

- (2) Persistently deepening corporate governance to enhance sustainable corporate development

In the rapidly changing network industry, the Company's corporate governance policy focuses on the long-term vision, incorporating corporate sustainability strategies into our organization, upholding the spirit of integrity and transparent governance and acting in concert with the FSC's "Corporate Governance 3.0 -Sustainable Development Roadmap." In doing so, the Company is committed to protect the interests of all stakeholders, comply with all sorts of laws and regulations and fulfill solidly its internal controls, thereby providing better services to society.

PChome continues to improve the quality of corporate governance, actively understand the international development trends, and persistently launch all sorts of reforms of corporate governance in line with the changes in the market. In 2021, the Company voluntarily compiled and published its first CSR report, which was assured by the third-party CPFs. Said CSR report mainly presents the Company's performance and efforts in practicing CSR in 2020 for stakeholders' reference and will be published annually in the future. In addition,

the Company has received many recognitions for our corporate sustainability initiatives this year, such as the TCSA Taiwan Sustainability Award - Silver Prize, the PwC's CSR Impact Awards - Silver Prize, the 3rd Annual Enterprises Environmental Protection Award of the Republic of China (ROC)- Bronze Prize, and the 2021 Buying Power of the Ministry of Economic Affairs - Special Prize.

The Company will continue to create win-win values for our stakeholders and gather the elements of a better life with our professionalism and enthusiasm, making PChome the best choice for "Everyday Reliable" and an e-commerce ecosystem that realizes the vision of sustainable living.

### (3) Enhancing the innovative capacity of the industry and promoting the intellectual property management system

The Taiwan Intellectual Property Management System (TIPS) is a program promoted by the Science & Technology Law Institute of the Institute for Information Industry, commissioned by the Industrial Development Bureau of the Ministry of Economic Affairs. Establishing a fair and impartial verification mechanism that allows enterprises to integrate their intellectual property strategies, R&D strategies and business strategies, TIPS aims to enable enterprises to efficiently utilize their business resources, enhance their intellectual property application capabilities and reasonably manage their intellectual property risks, thereby increasing their overall profitability and operational performance.

PChome, as the largest integrated Internet service provider in Taiwan, has long focused on the development and design of information technology, such as product management, shopping process, gold logistics and warehousing systems, all of which are closely related to patents and intellectual property and need to be carefully scrutinized. To persistently improve the quality of corporate governance and strengthen the acquisition, protection, application and management of intellectual property rights, PChome has officially introduced the Taiwan Intellectual Property Management System (TIPS) since 2021.

The establishment and promotion of TIPS not only enhances the Company's corporate value and market competitiveness, but also increases consumers' trust in PChome, thereby promoting the willingness of partners and investors to cooperate, and effectively achieving the corporate goals of creating stable operational growth and reducing operational risks.

PChome officially passed the Taiwan Intellectual Property Management Specification (TIPS) A-level verification in December 2021. PChome not only passed the TIPS certification upon its first application, but also became the first e-commerce company in Taiwan to obtain the TIPS Level A certification, fully demonstrating its high regard for the quality of intellectual property management and corporate governance.

## 4. Product development trends and competition status

### (1) Product development trends

PChome Group takes domestic e-commerce retail, overseas cross-border e-commerce, financial technology and other services as its main development strategy and operation projects. The main development priorities in 2021 are as follows:

#### 1) Domestic e-commerce retail market

With the epidemic changing the lives and business behaviors of the general public since 2020, consumers have gradually become accustomed to shopping online. According to a survey by

the Department of Statistics of the Ministry of Economic Affairs, the proportion of online sales in the overall retail turnover has continued to rise. In addition, the Generation Z customers will be the main force of new consumption in the future, and also the digital native generation familiar with technology and social media.

According to a survey conducted by the Institute for Information Industry, nearly 50% of Generation Z users use smart phones anytime and anywhere, and most of their lives and social interactions take place online, and more than 70% of digital payments come from online shopping.

PChome 24h Shopping is an integrated B2C e-commerce shopping platform. In terms of commodities, it persistently introduces the official flagship stores of international first-line brands to meet the needs of customers in all aspects and promote brand alliances to create market differentiation. As the epidemic hit major industries last year, PChome 24h Shopping partnered with Small and Medium Enterprise Administration of the Ministry of Economic Affairs to jointly promote the "Buying Power Firm," fostering marketing, payment flow, logistics and other platform resources to support Taiwan's high-quality social brands. PChome 24h Shopping also joined hands with domestic agricultural start-ups to establish a "fresh produce zone" and assist brands in developing products. The "PChomeX Home Gallery" service, acting as a multi-functional manufacturer, distributor and supplier, creates "empowerment" and "re-engineering" value for commodities, assists small and medium-sized stores in the digital transformation, and coexists and thrives with local operators.

In terms of payment flow, there has been a trend of "Buy Now Pay Later (BNPL)" consumption at home and abroad in the past two years. Compared with the use of traditional credit cards, Generation Z and millennials prefer to use installment payment to pay for goods with high unit price and long service life. In view of that, PChome 24h Shopping persistently optimizes its payment flow services. In addition to providing diversified existing payment methods such as LINE Pay, Apple Pay, Google Pay, Samsung Pay, Pi Wallet, JKOPay and AFTEE, In 2021, the "GoGo Pay," an installment payment service from the 21st Century Technology Co., Ltd. was introduced to expand the payment application field and actively develop a new generation of e-commerce shopping services.

## 2) Overseas cross-border e-commerce market

Driven by the epidemic, the global e-commerce market has witnessed a rapid increase in sales, and the scale is expected to persistently grow. According to the report of Euromonitor, the annual growth rate of global e-commerce in 2020 reached 26.94%. eMarketer also predicts that e-commerce sales will continue to grow in double digits by 2023, and the proportion of total global retail sales will continue to increase. In 2023, global e-commerce sales will reach US\$ 6.169 trillions, accounting for 22.3% of total retail sales.

The Group is actively laying out its cross-border e-commerce market and developing its overseas e-commerce footprint.

In 2021, Bibian, a subsidiary of the Group, and SGH Global Japan, a subsidiary of SG Holdings, jointly signed a memorandum of cooperation (MOU) to build a more convenient shopping model through the e-commerce and logistics advantages of the two groups in Taiwan and Japan, and have successively formed alliances with a number of well-known Japanese platform operators to provide consumers with more convenient cross-border

shopping services that are not subject to geographical restrictions.

PChome SEA, the Group's cross-border e-commerce service for Southeast Asia, is currently working with iconic e-commerce platforms respectively in Thailand, Vietnam, Singapore, Malaysia and Indonesia to build a sales channel, offering more than 500,000 Taiwanese products for local consumers in Southeast Asia, and making it the largest online shopping mall for Taiwanese products in Southeast Asia. In the face of the post-epidemic era, expanding the benefits and business scope of the cross-border ecosystem will be one of the important strategies for the Group to persistently layout its overseas markets.

### 3) FinTech

The epidemic has accelerated the penetration of digital financial services into everyday life. According to the 2021 Mobile Payments Consumer Survey released by the Institute for Information Industry, consumers' preference for mobile payments has increased significantly, from 37% in 2020 to 50%. In addition, the frequent usage of mobile payments in 2021 approached 70% (69%) for the first time, catching up with the first place of physical cards (74%) and cash (71%), and becoming the sole one of the four payment instruments to grow persistently in consecutive three years. The gap between the frequent usage of mobile payments and that of physical cards shrinks from 26% in 2019 to 5% in 2021, reflecting that the epidemic has accelerated consumers' habit of using zero-contact payments, and the frequent usage of mobile payments will have the opportunity to surpass cash payments in the future.

In 2021, PChome Group introduced strategic investors —China Development Financial Holding Group, Chunghwa Telecom Group and the management team of 21st Century Digital Co., Ltd.—to participate in the subscription of its private placement of ordinary shares, leveraging the strategic investors' experience and resources in the development of financial services, big data and artificial intelligence technology to drive the development of digital fintech with data as the core.

The Group also continued its strategic investment in fintech by acting as an investor in strategic leadership to jointly participate in a strategic round of fundraising of the “Mdata Group” with the CTBC Venture Capital. Said investment will boost the deployment and connection of the PChome ecosystem in the digital financial scenarios.

Pi Wallet, a subsidiary of the Group, then accelerated the expansion of the payment field and cross-border cooperation to enhance diversified application scenarios such as coffee delivery, invoice recording, contact-less takeout delivery, payments and other additive services.

## (2) Competitions

### 1) Domestic e-commerce retail market

PChome 24h Shopping is an integrated B2C e-commerce platform, whose major competitors are not only large domestic integrated e-commerce platforms, but also alternative choices for consumers such as C2C, B2B2C, online group buying websites and vertical e-commerce platforms. In addition to large-scale domestic integrated e-commerce platforms, the main competitors also have alternative options such as C2C, B2B2C, online group buying websites and vertical e-commerce platforms. In addition, the market operating structure or consumption habits have undergone drastic changes due to the epidemic over the past two years, significantly shifting business behavior from offline to online. The nationwide Level

3 epidemic alert in Taiwan in 2021 also accelerated the digital development of many large brick-and-mortar retailers to actively layout their own online sales platforms. Consequently, innovative marketing techniques and big data analysis of digital consumer behaviors are needed to attract fast-moving niche segments. Having been deeply engaged in e-commerce for 20 years, PChome 24h Shopping owns deep platform management capabilities and technology, huge member data and rich and diverse commodity structure, allowing it to grow steadily under the epidemic.

## 2) Overseas cross-border e-commerce market

According to statistics from the Customs Administration of the Ministry of Finance, the number of parcels imported by sea in the first half of 2021 increased by 1.1 times year-on-year, and the overall amount of tax levied on sea and air parcels hit a new high in the same period over the years, with an annual increase rate of 86.6%. The number of registered users of the real-name authentication APP for express parcels exceeded 3.5 million, indicating that cross-border online shopping has become a "New Normal" after the epidemic. As a result of the epidemic that prevents people from going abroad, many large international integrated e-commerce platforms and single-category e-commerce platforms have rushed into the Taiwan market, while domestic operators have also set up their cross-border shopping platforms such as overseas buying agents. Bibian and PChome SEA, subsidiaries of the Group, provide one-stop solutions to consumers' pain points from product information translation, payment flow and logistics. They strategically ally with large e-commerce shopping platforms and logistics operators in Southeast Asia and Japan to provide a wide range of products and reduce international delivery time and costs.

With the synergistic effect of resources, the Group has a competitive advantage in cross-border e-commerce.

## 3) Digital finance

As the epidemic has boosted the growth of digital financial services, apart from traditional financial institutions investing in the development and construction of digital ecosystems, many retailers have crossed the border to obtain e-payment licenses, such as PX Mart, Family Mart and other large retail brands have captured a place in the e-payment market, forming a new warring states era of financial payments. Consumers even have a variety of digital wallets in their hands. In response to changes in consumer habits, the Group, a pioneer in developing digital finance and building an ecosystem, has its subsidiary, PChome 24h Shopping that leads the industry in introducing the top ten mobile payments and integrating thirty six major banks, two major shopping guides and a new shopping payment flow model of "Buy Now Pay Later (BNPL)." All of the preceding efforts contribute to providing our consumers with smooth and convenient services such that they feel more comfortable in their mobile lives and have strong growth momentum.

## (III) Technology and R&D overview

### 1. Technical level and research and development

Having been deeply engaged in the field of e-commerce industry for many years, PChome has a sound R&D team. The R&D and design of all innovative programs are developed by the Company's technical department and designed by in-house engineers. The R&D team

receives regular training to improve the overall professional quality in order to respond to the rapidly changing e-commerce market and make the most forward-looking services and products. The R&D achievements concentrate on online shopping process systems in connection with Internet services, front-end systems for Internet services, and back-end administrative systems. In contrast to other domestic websites who purchase most of the software systems required from overseas vendors or obtain their licenses, the Company's engineers develop most of our Internet service-related systems, including the integration of supplier development and management, product information management, payment flow/logistics and customer service, logistics and warehousing systems, big data applications and customer cross-selling, etc. Most of the required operating systems and user interfaces are developed and designed by internal engineers. In order to integrate the ecommerce industry chain and take a step further to establish an ecosystem, the Group has recently been actively integrating various service advantages, deeply applying big data, artificial intelligence and the Internet of Things and other forward-looking technologies, focusing on service innovation, creating cross-domain integrated services, enhancing the Group's operation performance. Some of the systems among the R&D projects have obtained patents or are in the process of submitting patent applications. The R&D expense in 2020 amounted to NT\$530,000 thousand.

## 2. R&D expenses in the most recent year up to the date of publication of this annual report

Unit: NT\$ thousands, %

Item	Year	2021	2022 Q1
Research and development expenses		553,476	151,842
Net revenue for the year		48,579,367	11,709,437
Percentage of net revenue for the year		1.14%	1.30%

## 3. Technologies or products successfully developed in the most recent year up to the date of publication of this annual report

The Company has focused on the development of various systems in recent years. The technologies and systems scheduled to be developed in recent years are as follows:

Automated warehousing with "Goods To Person" technology	Through the integration of logistics system and automatic warehousing service, PChome applies the shuttle car intelligent goods picking system to improve goods picking efficiency, and develops the core of "Goods To Person" technology to improve the delivery efficiency of intelligent warehousing. Moreover, PChome even introduces automation related equipment, such as electronic labeling system, information identification system, automatic sorting system and automatic delivery system, to provide optimal intelligent planning and design in optimizing the intelligent goods picking route. Additionally, in order to reduce the ratio of single-order shipment in boxes, an automatic selection model via intelligent analysis is developed to improve the efficiency of shipment.
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Fair snap-up technology for hot-selling products on e-commerce platforms	PChome has developed a fair consumer snap-up mechanism for hot-selling products on e-commerce platforms, which can effectively block robotic snap-up programs by non-natural persons, enhance user experience (UX) during the snap-up process, and also control system load to maintain system stability during the snap-up period. The preceding fair snap-up features attempt to return a fair trading environment to "real" consumers, effectively enhance consumer shopping experience and improve their trust in e-commerce platforms.
Inventory credit rating technology for suppliers' financing channels	PChome's exclusive "Supplier Evaluation Model and Credit Rating Analysis" technology provides new financing channels for suppliers to quickly fulfill their short-term capital needs. Said technology can be used not only to finance the acquisition of goods or services, but also to develop different types of investments, or to allocate work or project budgets. With our e-commerce operation information, we help our suppliers to improve their chances of obtaining loans and simplify the process of providing information to financial institutions for review, thereby creating a win-win-win situation for PChome, its suppliers and financial institutions.
Intelligent warehousing R&D plan	Deeply engaged in e-commerce in Taiwan, PChome Group has developed its own intelligent warehouse construction, including automated warehousing system, automated handling and conveying system, automated goods picking and sorting system, intelligent goods selection and packaging system, electric control system and information management system. Those systems described above have been utilized to improve the efficiency of goods picking and sorting, reduce the proportion of goods shipped from various warehouses, avoid carton consumption and excessive packaging, and optimize consumers' shopping experience while practicing the concept of energy conservation, carbon reduction and environmental protection.
Tie-in sales of combined goods and precise sales forecast plan	Having huge sales data in combination with many years of e-commerce sales experience and marketing skills, PChome 24h Shopping applies big data analysis and AI artificial intelligence applications to develop how to tie-in product combinations for sales, which is a comprehensive strategic R&D plan all the way from the sales end to the logistics end. Said plan aims to solve market pain points, enhance consumer shopping experience, thereby driving rapid performance growth while maintaining market competitiveness. Thanks to combined application of industry front-end and back-end, as well as sales and services, the production capacity and efficiency is consequently maximized.

In order to encourage our employees' creation and invention, secure their technical innovations and fulfill the intellectual property management, the Company continuously evaluates the possibility of applying for patents for technical creation and invention, and regularly maintains the validity of the acquired patents. The following table shows the patent applications approved (13 in total) in 2021:

Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
Utility model patent	M621189	ELECTRONIC DEVICE IN COMMUNICATION WITH LOGISTICS RECIPIENT	2021/12/11 ~ 2031/09/08	An electronic device is configured to communicate with a logistics recipient, and the electronic device includes a graphic code scanning module, an electronic device application programming interface module, and a call module. The graphic code scanning module is configured to scan a graphic code to obtain a recipient voice code. The electronic device application programming interface module is configured to transmit the recipient voice code to a service server, and is configured to receive a recipient real voice communication code from the service server. The call module is electrically connected with the image code scanning module and the electronic device application programming interface module, the call module is used for providing a call button and electrically connected with the recipient electronic device, so that one of the electronic devices can contact with the recipient electronic device in a voice manner according to the real voice communication code of the recipient.
Utility model patent	M621174	WEB SERVER	2021/12/11 ~ 2031/09/06	The present disclosure discloses a web server for presenting a menu. The web server includes an interface module and a menu arrangement module. The interface module provides a web page. The web page comprises a primary selection region, the primary selection region comprises a plurality of sub-selection regions, the secondary selection regions are arranged in the primary selection region, and each sub-selection



Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
				region has at least one selected necklace connection. The sorting module is electrically connected to the interface module. The menu selection module receives a selected necklace input signal, and defines a selected necklace interface according to the selected necklace input signal. In addition, the selecting and arranging module defines the sub-selection single area corresponding to the selected necklace to be a target sub-selection area. The interface module arranges the target sub-selection area in a priority position of the main selection area.
Utility model patent	M619598	WEB SERVER FOR REDUCING LOAD OF SERVER	2021/11/11 ~ 2031/07/13	The present disclosure discloses a web server capable of reducing server load, which includes an interface module, an advertisement updating module, and an analysis module. The interface module provides a webpage, and the webpage includes an advertisement display area. The advertisement updating module stores a preset update time and an overload update time of the advertisement display area, and the overload update time is greater than the preset update time. The advertisement updating module notifies the interface module according to the default update time to replace the advertisement information of the advertisement display area. An access flow of the web page is analyzed using an analysis module. When the access

Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
				flow exceeds an overload value, the advertisement updating module is changed to notify the interface module according to the overload update time to replace the advertisement information of the advertisement display area.
Utility model patent	M619584	E-COMMERCE PLATFORM SERVER ASSISTING ROLLING ADJUSTMENT OF FINANCING CONDITIONS	2021/11/11 ~ 2031/07/11	The present disclosure discloses an e-commerce platform server assisting in rolling and adjusting financing conditions. The e-commerce platform server includes a memory module, a transmission module, and a processing module. The memory module includes a transaction database. The transmission module receives a loan request from a user device. The processing module obtains operation data corresponding to a first operation period of the user device from the transaction database according to the loan request, and transmits the operation data to a loan institution server. The transmission module obtains a first financing condition from the lending institution server. During a second operation, the processing module transmits the operation data corresponding to the second operation period of the user device to the loan authority server, and the transmission module obtains a second financing condition from the lending institution server.

Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
Utility model patent	M619432	E-COMMERCE PLATFORM SERVER ASSISTING IN OBTAINING LOAN	2021/11/11 ~ 2031/05/30	The present disclosure discloses an e-commerce platform server for assisting in obtaining a loan, which is connected with at least one owner end device and a lending institution server through a network. The e-commerce platform server includes a memory module, a transmission module, and a processing module. The memory module includes storing one owner data and an operating data. The transmission module receives a loan request from the owner end device. The processing module obtains the owner data and the operation data corresponding to the owner end device from the memory module according to the loan request self-memory module. Further, the processing module performs a repayment capability evaluation mode with the operating data to obtain an evaluation report. The processing module transmits the evaluation report to the owner end device through the transmission module, receives a confirmation loan request from the owner end device, and then transmits the operation data to the lending institution server.
Utility model patent	M617292	E-COMMERCE SERVER	2021/09/21 ~ 2031/04/21	An e-commerce server comprises an instruction transmission module, an instruction analysis module, a natural person behavior judgment module and a shopping blocking module. The instruction transmission module is configured to receive a shopping instruction.

Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
				<p>The instruction analysis module is configured to obtain at least one sending feature of the shopping instruction. The natural human behavior determination module is configured to check whether at least one sending feature does not conform to the natural human shopping mode. The shopping blocking module is electrically connected to the instruction transmission module, the instruction analysis module and the natural human behavior determination module, wherein if the natural human behavior determination module determines that at least one sending feature does not conform to the natural human shopping mode, the shopping blocking module generates a blocking shopping instruction.</p>
Utility model patent	M615619	LIVE BROADCAST SYSTEM	2021/08/11 ~ 2031/04/25	<p>The present creation is a live broadcast system. The live broadcast system includes a display module, a selection module, and a message generation module. The display module is configured to provide a first live broadcast page, and the first live broadcast page includes display live video and webpage information. The selection module is configured to receive a click on the live video, thereby providing a second live page on the display module, where the second live page includes a live video and a jump button. After the selection</p>

Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
				module receives the point selection of the jump button, the display module returns to provide the first live page, and the message generation module generates the push message for display by the display module.
Utility model patent	M614863	LOGISTICS DISTRIBUTION SELECTION SYSTEM	2021/07/21 ~ 2031/04/21	A logistics distribution selection system is electrically connected to an electronic device and a plurality of logistics unit computers. The electronic device transmits a commodity order. The logistics distribution selection system comprises a transmission module, an order interpretation module, a logistics demand analysis module and a logistics unit selection module. The transmission module is configured to receive a commodity order. The order interpretation module is configured to interpret the commodity order to generate commodity data, commodity location data, delivery location data, and logistics data. The logistics demand analysis module is configured to analyze commodity data, commodity location data, delivery location data, and logistics data to generate a logistics unit suggestion, and the logistics unit suggestion corresponds to one logistics unit computer.
Utility model patent	M613935	E-COMMERCE PLATFORM SERVER ASSISTING	2021/07/01 ~ 2031/01/19	The present disclosure discloses an e-commerce platform server for assisting a supplier to obtain a loan. The e-commerce platform server is

Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
		SUPPLIER TO OBTAIN LOAN		connected to a vendor terminal device and a loan institution server through a network. The e-commerce platform server includes a memory module, a transmission module, and a processing module. The memory module stores vendor operation data. The transmission module receives a loan request from the vendor terminal device. The processing module obtains supplier operation data corresponding to the supplier end device from the memory module according to the loan request, and performs a repayment capability evaluation mode according to the supplier operation data to obtain an evaluation report. The transmission module transmits the evaluation report to the supplier end device, and receives a confirmation loan request from the supplier side device, and then transmits the supplier operation data to the lending institution server.
Utility model patent	M612713	E-COMMERCE MULTI-LANGUAGE SEARCH SYSTEM	2021/06/01 ~ 2031/01/20	The present creation is an e-commerce multi-language search system. The e-commerce multi-language search system comprises an e-commerce module, a keyword input module, a translation module and a search module. The e-commerce module is configured to present a first tone e-commerce shopping page and a second tone e-commerce shopping page. The keyword input module is configured to receive a first

Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
				<p>language search keyword. The translation module is electrically connected to the keyword input module, and is configured to translate the first language search keyword into a second language search keyword. The search module is electrically connected to the translation module and the e-commerce module, searches the shopping page of the first tone e-commerce according to the first language search keyword, and searches the shopping page of the second language e-commerce according to the second language to generate a search result shopping page. By means of the above module, the search result shopping page comprises the content found by the first tone e-commerce shopping page and the second tone e-commerce shopping page.</p>
Utility model patent	M610889	SYSTEM FOR CUTTING IMAGES	2021/04/21 ~ 2030/12/15	<p>The present creation is a system for cutting images. The system for cutting images includes a receiving module, an analyzing module and a cutting module. The receiving module is configured to receive an input image, the input image comprising <math>n</math> complete facial images, <math>1 \leq n \leq 1000</math>, and an electrical connection receiving module, configured to analyze the positions of the <math>n</math> facial images in the input image. The cutting module is electrically connected to the analysis module to cut the input image to output an output image,</p>

Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
				wherein the covered content of the output image is less than the covered content of the input image, and the output image retains <b>m</b> complete facial images, and the <b>m</b> is maximized, and $1 \leq m \leq n$ .
Utility model patent	M610875	ARTICLE RECOMMENDATION SYSTEM	2021/04/21 ~ 2030/12/13	An article recommendation system includes a memory module, <b>Y</b> artificial intelligence model modules, and a statistical module. The memory module is configured to store <b>n</b> articles, wherein each artificial intelligence model module of $n \geq 50$ is used to select <b>m</b> recommended articles from <b>N</b> articles, $1 \leq m \leq n/2$ , and $Y \geq 2$ ; and the statistical module is electrically connected to the memory module and the <b>Y</b> artificial intelligence model modules, and the statistical module is configured to select <b>p</b> recommended articles according to the <b>m</b> recommended articles recommended by the <b>Y</b> artificial intelligence model modules, where $5 \leq p \leq n/4$ .
Utility model patent	M610867	SERVER FOR RECOMMENDING CLOTHES	2021/04/21 ~ 2030/12/10	A server for recommending clothes includes a memory, a clothing image display module, a transmission module, and a matching clothing recommendation module. The memory stores a plurality of clothing images. The clothing image display module is configured to display all or some of the plurality of clothing images. The transmission module is



Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
				configured to receive a selection of a target clothing image, where the target clothing image is selected by a plurality of clothing images. The clothing recommendation module is electrically connected to the clothing image display module and the transmission module, and is configured to select at least one recommended matching clothing image among the plurality of clothing images according to the target clothing image. The attribute of the target clothing image is a first clothes, and the attribute of the recommended matching clothes image is a second clothes.

#### (IV) Long-term and short-term business development plans

##### 1. Short-term business development plans

##### (1) Strengthening the richness of direct-sale brands, the strength and differentiation of platform services

PChome is committed to meeting the needs of consumers in all aspects of life, and its PChome online shopping/PChome 24h shopping is already the largest in-stock shopping website in Taiwan, selling more than five million products, of which more than two million items are available for 24-hour delivery throughout Taiwan. In addition to being the only Apple authorized T1 distributor of full series products e-commerce in Taiwan and the preferred listing platform for new phones of major mobile phone brands, PChome 24h Shopping has actively engaged in direct-sale brands in recent years, and has allied with hundreds of iconic brands to carry out in-depth marketing cooperation.

Affected by the Covid-19 epidemic in the past two years, brands and small and medium-sized enterprises have been urged to accelerate their digital transformation and actively engaged in their large-scale e-commerce platforms to reach the largest user base. The overall performance of the flagship brand pavilions on the PChome 24h shopping website, such as MUJI, La Roche-Posay, Apple and SAMSUNG, has doubled year-on-year. At the same time, PChome 24h Shopping has helped over 150 local SMEs and social innovation brands to sell online, and has set up a number of zones with cross-industry alliances, such as fresh produce zone, Buying Power Firm, and Taiwan Excellence, which not only drive the market circulation, but also develop new traffic and reach new customers. In the future, PChome 24h Shopping will continue to enhance the richness of direct-sale brands, improve the

diversity of product choices, strengthen the advantages and differences of platform services through diversified cross-border cooperation, deeply cultivate cross generation consumer groups, and inject continuous growth of revenue.

(2) Expanding digital financial services application scenarios and PPoint ecosystem to stimulate continuous membership growth

With the booming demand for contactless payments, the Group continues to focus on the development of Pi Wallet, actively expanding into diverse consumption scenarios both online and offline, and increasing member stickiness and usage through the PPoint rebate cycle. This year, the number of Pi Wallet members has exceeded 1.3 million and the number of partner stores has exceeded 380,000, including parking payment services, supermarkets, department stores, food and beverage, beauty and drug stores, leisure and entertainment, life payment, transportation and online shopping with a coverage rate of more than 99% in Taiwan.

In 2021, service functions such as invoice recording, Rakuten Pay's QR code payments, and vaccine insurance have been updated to make mobile payments more accessible to the daily consumption of the whole people, allowing users to easily enjoy fast and convenient digital financial services.

The newly revised "The Act Governing Electronic Payment Institutions" effective as of July 1, 2021, integrates the management of "electronic payment" and "electronic stored value cards," as well as opens up services, such as "cross-remittance between different electronic payment institutions," "domestic and foreign small-amount remittances" and "engaging in buying and selling foreign currencies" besides the three major businesses of "collecting and making payments as an agent," "inter-account transfer between electronic payment accounts" and "accepting deposits of funds as stored value funds." This amendment is expected to increase the convenience of people's payment and promote the development of inclusive finance. In response to said amendment, PChome Group will accelerate the integration of its payment flow and other related services, as well as utilize Pi Wallet's powerful million-member system and diversified channel layout to provide consumers with a more diverse, innovative and convenient digital financial technology experience.

(3) Actively seizing cross-border business opportunities to expand the synergy of the Greater East Asia cross-border ecosystem

Cross-border online shopping has become the new normal in the post-epidemic era.

This year, PChome's cross-border e-commerce business performance has grown rapidly and significantly. Deeply engaged in the Japanese bidding and purchasing market, Bibian has been successively partnering with SGH GLOBAL JAPAN, a subsidiary of SG Holdings Group, the second-largest home delivery company in Japan, Cafe24 Japan, an internationally renowned e-commerce platform operator, Mercari, Japan's largest second-hand trading platform, SUNDRUG, a Japanese cheap chain of drugstores, and LOWYA, a popular Japanese online furniture brand. Thanks to the above partnerships, the shopping website's GMV (Gross merchandise value) hit a record high month by month, and the number of orders for the whole year also increased strongly by nearly 150% compared to the previous year. In addition, PChomeSEA, a one-stop cross-border e-commerce service provider in Southeast Asia, has been working with the five leading e-commerce platforms in Southeast

Asia—PChome Thai, Tiki, Qoo10, Yubeli and Blibli— since September 2020, and has seen steady growth in sales since then; and the overall sales saw a growth of more than 5 times per annum in 2021, which symbolizes the layout and benefits of the Greater East Asia cross-border ecosystem.

Affected by the COVID-19 epidemic, the cross-border e-commerce market has accelerated its development and has strong growth. The Company is actively promoting cross-border services; on the one hand, it accelerates the expansion of local cooperative merchants in Japan, as well as strengthens the existing advantages of brand power, product power, price power, and service power to create a new niche for market differentiation and cross-border sales; on the other hand, it continues to assist Taiwanese SMEs to sell their high-quality brands and products to the entire Southeast Asian market and even overseas, and provide complete marketing and promotion services to remove the obstacles for Taiwanese merchants to cross the border and build a win-win cross-border e-commerce sales ecosystem.

## 2. Long-term business development plans

### (1) Constructing a more efficient and flexible logistics chain to build the No.1 smart e-commerce operation park in Taiwan

At present, PChome has 7 major storage areas, 5 designated warehouses and 11 logistics stations of PChome Express, distributed in Taipei and New Taipei City, Taoyuan, Taichung, and Tainan. Meanwhile, targeting regional ultra-short chain logistics, the Company announced its investment in Pickupp, a logistics technology start-up, in April of this year (2021), which will help improve the capacity and distribution efficiency of the logistics system. In addition, the "Logistics Center of Chunghwa Post Logistics Park," which is located close to the Taoyuan Airport MRT A7 station and only a 30-minute drive from Taipei City and Taoyuan Airport, will be officially opened in 2022. With the floor area of 45,000 square meters of storage space, coupled with the dual-track warehousing design of AI artificial intelligence and automation, the overall daily parcel processing capacity is expected to more than double. In the future, it will also be used as a logistics center for cross-border e-commerce and empowering services.

### (2) Deepening ESG layout to strengthen corporate sustainability competitiveness

Sustainable development is one of the action plans that PChome has been committed to promoting in recent years. We have taken the initiative to enter the new era of carbon reduction in e-commerce by focusing on the four major aspects of "Green packaging," "Green transportation," "Green warehousing" and "Green payment." Following becoming first major e-commerce channel in Taiwan to obtain the "Taiwan Carbon Footprint Label" of the Environmental Protection Agency of the Executive Yuan and be allowed to accumulate the green purchase amount in 2020, this year (2021) the Company once again responded to the Environmental Protection Agency's "Recycling Bag (Box) Pilot Scheme" and joined hands with the environmental protection startup-PACKAGE+ to promote the upgrading of PChome's green shopping program! During the initial promotion period, PChome 24h shopping will pilot its upgraded green shopping program in Taipei and New Taipei City. Consumers who choose to pick up their products from convenience stores can check the "recycling bags (boxes)" they would like to use during the order checkout process,

and after receiving their products, they can return the used recycling bags (boxes) to PACKAGE+'s partner collection points, including 7-ELEVEN, Family Mart, Carrefour, Watson's, MOSHI and other chain stores or independent stores. PChome is optimistic that PACKAGE+'s online shopping recycling packaging system will help increase consumers' utilization rate and recycling rate of recycled packaging materials!

PChome Group persistently invests in corporate governance, environmental protection, social responsibility and other aspects in order to strengthen the sustainable competitiveness of enterprise. This year (2021), we published the first voluntarily compiled CSR report, hoping to lead the industry towards sustainable prosperity through our own actions and practices. At the same time, PChome has been recognized for its quality of corporate governance and sustainability, winning the Inspirational Brand Award and the Fast Enterprise Award at the 2021 Asia Pacific Enterprise Awards (APEA), and making it the first e-commerce company in Taiwan to win the awards since the inception of said awards. As for the "National Brand Yushan Award," regarded as an important benchmark in the domestic industry and the highest honor of the national brand, PChome has also been awarded the "Top Prize for Enterprises Award" and two other awards—the "Outstanding Enterprise Award" and the "Best Popular Brand Award," reflecting a fact that PChome is the first e-commerce company to win the awards since the establishment of the "National Brand Yushan Award." In addition, PChome won the Bronze Prize for participating in the "3rd Annual Enterprises Protection Award" for the first time, and was the first e-commerce company in Taiwan to win this highest environmental honor. PChome was further recognized by being awarded the "2021 14th TCSA Taiwan Sustainability Awards - Silver Prize" and the "2021 5th PWC's CSR Impact Award Sustainability Impact Awards - Silver Prize."

(3) Accelerating the integration of services and resources to create the largest digital life ecosystem in Taiwan

PChome is actively expanding and consolidating its resources. The investment cases implemented this fiscal year (2021) mainly included logistics technology—Pickupp; online insurance platform—e-Insure; BNPL Fintech—21st Century Digital; FinTech startup—Mdata Group; real-time booking platform—FunNow; and marketing technology startup—AccuHit. Looking ahead, PChome Group will accelerate the integration of its payment, insurance, BNPL (Buy Now Pay Later) and other FINTECH services to expand the application scenarios, maximize the value and synergy of our CDP (Customer Data Platform) through MarTech to effectively integrate members, and strengthen smart warehousing and logistics technology to multiply the efficiency of warehouse picking and matching, in the hope of providing the most comprehensive online services and a wonderful user experience and fully launching our empowering services.

## II. Market and Sales Overview

### (I) Market analysis

#### 1. Regions where main products (services) are sold (provided)

The Company's sales are mainly domestic. Overseas sales accounts for only a very small portion of our sales.

Unit: NT\$ thousands

Region	Year	2020		2021	
		Sales Amount	%	Sales Amount	%
Domestic sales		43,844,150	99.94	48,566,218	99.97
Overseas sales		25,702	0.06	13,149	0.03
Total		43,869,852	100	48,579,367	100

## 2. Market share and future supply and demand conditions and growth of the market

### (1) Market share

#### 1) With more than 13 million users, the No.1 sales of laptop in the whole Taiwan market

The number of PChome 24h shopping users was over 13 million users this year, which means 1 out of every 2 people in Taiwan uses PChome to shop, where the majority of users are between 18 and 45 years old, Generation Z users under the age of 26 have been increased by 30%, the majority of users over the age of 55 are female, the overall number of new users has been increased by 40% and the multiple payment methods on the site have led to a 90% share of digital payments and a double growth of mobile payments.

In addition, work-from-home and online teaching have made long-distance life a new normal in society, stimulating the sales of laptop computers in the entire website to soar by 50% annually. According to a report by the market research institute GFK, PChome 24h shopping's laptop sales led the whole Taiwan market, setting a record high in a single month.

#### 2) Persistently expanding the Group's cross-border services footprint to accelerate the implementation of the Greater East Asia Initiative

Online shopping abroad has become the new normal in the post-epidemic era, and the demand for cross-border services is rising steadily. Actively forming alliance with local platforms in Japan, this year, Bibian has successively partnered with Cafe24 Japan, an internationally renowned e-commerce platform operator, Mercari, Japan's largest second-hand trading platform, SUNDRUG, a drugstore chain, and LOWYA, a popular online furniture brand, to create a new milestone for the cross-border ecosystem.

At the same time, PChomeSEA continues to layout the Southeast Asian market and provide one-stop cross-border e-commerce services. PChomeSEA accurately grasps consumer profiles and needs through complete marketing and promotion services. This year, it added "local delivery services" in Thailand and Malaysia to significantly shorten the arrival and customs clearance time, effectively improving the consumer experience and user repurchase rate.

### (2) Future supply and demand of the market

#### 1) PChome Shopping and PChome 24h Shopping trend analysis

##### A. Growth momentum from intergenerational segment and market differentiation formed by brand alliance

An epidemic-driven shift in shopping capacity to online occurred in 2021. In order to promote a steady growth of the whole members, PChome 24h Shopping has been promoting brand alliance strategies to create market differentiation. Since the opening of the "Brand Flagship" zone last year, PChome 24h Shopping has been developing a variety of brands to

enter its platform, such as Android, RAZER, MUJI, LEGO and adidas, and has been significantly increasing the possibility of collaboration with brands in different fields to strengthen our niche.

In addition, the Company's 3C commodity sales performance reported good news frequently. Upon the selling of the new "iPhone 13" series in stock in the second half of 2021, the sales of all four models exceeded NT\$100 million in three minutes. Moreover, thanks to the advanced deployment of the Company's PChome Express logistics fleet, the fastest delivery time in the Taipei metropolitan area after the launch of the sale was 85 minutes. This shows that the trend of "contactless" online shopping for new mobile phones is on the rise, and the perfect one-stop shopping experience service has once again stimulated mobile phone buying to reach its peak.

#### B. Optimizing the shopping experience with deep brand partnerships

PChome 24h shopping has been deeply cultivating its brand strategy for a long time, and recently has even focused on the development of long-term partnerships to optimize the consumer shopping experience. Since the creation of the "Brand Flagship" zone in 2020, the number of brands on the website has grown by as much as double this year. On top of that, a number of "cross-brand co-branding activities" have been launched exclusively by making good use of AI big data to analyze consumer trends and combining dual-brand resources to create market differentiation, having contributed to a steady increase of more than 20% in monthly sales for each single brand. At the same time, cross-border partnerships were also exclusively negotiated at major festivals, such as the sale of "Tien.Tien Cinnamon Roll Gift Box" for the mid-autumn festival in 2021, the creation of a popular gacha brand, "PChome x Tropical Bird Fruits Co-branded Bath Gift Box" for the National Day of Double Tenth, the "Mario Christmas Gift Box" in partnership with Nintendo for Christmas holidays and other time-limited events, thereby adding fun and freshness to each event and attracting consumers to pay.

#### C. Growth of new services spawned by contactless economy against the odds during the epidemic

Optimistic about contactless consumption demand, PChome 24h shopping has been accelerating the expansion of various new services. In 2021, the "PChome Fresh Produce Zone" was launched to provide one-stop shopping services for vegetables, fruits, meat, seafood and other fresh foods. It gathers many well-known brands, such as Dachan Great Wall, Wan Chai Ferry, and MAZENDO to jointly promote high-quality frozen foods. PChome 24h shopping also partnered with "Next Door Fresh," an agricultural start-up brand, to offer a wide range of fruits and vegetables to meet the needs of consumers to buy groceries online without having to leave home and enjoy a more secure "Gourmet moment at home-epidemic prevention."

Aiming at the business opportunities of contactless ghost festival, PChome 24h Shopping joined hands with the Dajia Jenn Lann Temple for the first time to launch a "Valet Zhongyuan Pudu" donation service. As long as one places an order online for the "Abundance Kit for Celebrating Zhongyuan," he/she can participate in a puja held by the Dajia Jenn Lann Temple from a distance, while the on-site offerings will be donated to social welfare institutions after the puja. An alternative pudu trend is therefore aroused as one helps the disadvantaged

groups while giving his/her pu du prayers for blessings. In addition, stimulated by the ban on outdoor barbecue in the mid-autumn festival, there has been a buying rush of "electric griddle" on the website; and in order to reduce the demand for public transportation, the Gogoro electric scooter, a convenient means of personal transport, has become exponentially in demand in a short period of time, having become a dark horse in sales, springing up during the school season.

#### D. Trend formation by the OMO immersive shopping experience and topic generation by livestream sales and concerts

In order to enhance the contextual shopping experience and explore the needs of consumers, PChome 24h Shopping launched the "Crazy Gift 88 Carnival" for the first time in August 2021, which was a marathon livestream sales show that accumulated over 30 million views in just 8 days. During the Double 11 period in the same year, the Company launched the "Live Shopping NON-STOP" livestream sales program, driving live sales to grow more than three times compared to normal times. And for the fifth consecutive year, the "Double 11: PChome Is Coming—SuperStar Night" entertaining festival was held grandly in 2021, PChome 24h Shopping launched the "Crazy Gift 88 Carnival" crazy sale special event for the first time in August 2021. In the form of a marathon live broadcast sales program, it has accumulated more than 30 million viewers in just 8 days. During the Double 11th of the same year, the "Shopping live NON-STOP" live sales program was launched, which led to a more than 3 times increase in live sales compared to weekdays, and the "2021 Double 11PChome is Here" concert was held for the fifth consecutive year; through the diversion of entertainment content across generations and ethnic groups, which broke the filter bubble of the customer base through trans-generational and trans-group entertainment content, and continued to lead the entertainment e-commerce trend, with the cumulative views over 10 million in just three hours. We therefore conclude that interactive shopping helps arouse consumption momentum.

#### E. Riding the wave of hot news: quintuple stimulus vouchers and Tokyo Summer Olympics boost consumer momentum

Riding the wave of hot news, PChome 24h Shopping launched promotional activities and products to inject strong consumer momentum, including: in response to the government's revitalization policy, launching the "Quintuple Stimulus Voucher Zone" to encourage consumers to make digital bundled purchases, leading to the popularity of high-priced products with a single purchase of 5,000 denominations, of which especially the AirPods series, whose sales volume could stack as high as 50 seats of Taipei 101; in view of the Tokyo Summer Olympics heating up peripheral business opportunities, timely launching the promotion activities related to the Tokyo Summer Olympics on the entire website, and exclusively providing the Taiwan Sports Development and Promotion Association with sports supplement drinks, with a single-day sales of over 1000 barrels thanks to photos with the Taiwan Olympic athletes and enthusiastic online check-ins, plus a crazy sales of nearly 10, 000 copies of "Super Supau x Tai Tzu-ying Co-branded Q-version Easycard," all of which achieved eye-catching results.

#### 2) Establishing FinTech strategic partnerships to build the largest digital life ecosystem in

## Taiwan

With Pi Wallet as the core, PChome Group has been actively expanding diversified online and offline consumption scenarios, and improves member adhesion and usage rate through the rebate cycle of PPoints. To accelerate the expansion and consolidation of the Group's resources, in 2021, PChome expanded its digital insurance business by forming a strategic alliance with the online insurance platform, “e-Insure,” invested in 21st Century Digital Co., Ltd., to engage in the operation of the “Buy Now Pay Later (BNPL)” model, actively formed a strategic alliance with Mdata Group to promote digital financial related services, and strengthened its investment in MarTech applications by partnering with AccuHit to develop diversified AI marketing service scenarios.

In the future, the Company will accelerate the integration of its payment, insurance, BNPL (Buy Now Pay Later) and other FinTech services to expand the application scenarios and maximize the value and integrated effect of the Group's CDP (Customer Data Platform) through MarTech.

### 3)Echoing cross-border e-commerce’s entering a period of rapid growth by expanding the layout of the sales blueprint of Greater East Asia

To create a new type of cross-border online shopping experience, Bibian has been promoting the "Shopping On Demand" cross-border direct shopping service, with one-stop easy access to local hot merchants in Japan as the main selling point, which has driven GMV to a record high month by month this year. The number of orders for the whole year has increased strongly by nearly 150% compared to the previous year. Targeting the shopping needs of Japanese goods lovers, Bibian will continue to expand its cross-border online shopping options through its alliance strategy to meet the shopping needs of Japanese goods lovers.

In addition, in response to the rapid growth of the number of online users in Southeast Asia, PChome SEA has been partnering with the five iconic e-commerce platforms in Southeast Asia since 2020, and has seen steady growth in sales since then, with an overall annual growth of more than five times in 2021. In the future, it will continue to assist Taiwanese merchants to attack the Southeast Asian market and expand the layout of the Greater East Asia cross-border ecosystem.

### 4)Persistently creating a new benchmark for market sales by deeply engaging in integrated e-commerce services

Since 2020, PChome Group has been developing its integrated e-commerce services on a long-term basis and expanding a new sales type in clicks-and-mortar business model. Its PChomeX Home Gallery Premium Goods Selection service and MiTCH Fashion Selection e-commerce have officially celebrated their one-year anniversary, and their operating performance has risen month by month. Among them, PChomeX Home Gallery Premium Goods Selection is actively partnering with multiple brands and craftsmen to expand more room temperature series of foods, and has also expanded its sales channels to nearly 5,000 physical stores such as convenience stores, supermarkets and hypermarkets, creating market segmentation and product uniqueness, while MiTCH's sales on the first anniversary of its website opening increased nearly 20 times compared to the very month of its website opening, and it has also launched its OMO strategy, opening its first physical flagship store in Breeze Atré Nanshan in 2020 to increase the opportunities for actual interaction with consumers.



In addition, PChome Group has formed an alliance with “e-Insure,” an online insurance platform, to leverage its professional and service advantages with the online insurance license to accelerate the expansion of the PChome ecosystem in the field of e-commerce and digital finance services, thereby creating new opportunities for digital insurance.

### 3.Competitive niches, favorable and unfavorable factors, and response measures for future developments

#### (1)Competitive niches

##### 1)Strengthen the integration and utilization of the Group’s resources and expand the network ecosystem

The Group's corporate governance focuses on a long-term vision, taking sustainable development as its main strategy. Besides, it persistently integrates the Group's resources, from logistics, payment, services and even cross-border services in the region, in order to expand the overall ecosystem and provide better services and experiences to users.

##### 2)Expanding the territory of cross-border e-commerce and strengthening cross-industry alliances

The Group have been persistently expanding its cross-border e-commerce footprint in Japan and Southeast Asia, and allying with local cross-industry platforms in Japan to provide Taiwanese consumers with more shopping options. The cross-border e-commerce service in Southeast Asia market has been growing steadily in partnership with five iconic e-commerce platforms in Southeast Asia —PChome Thai, Tiki, Qoo10, Youbeli and Blibli. PChome SEA has also been providing value-added marketing and promotion services to remove the obstacles for Taiwanese merchants to go abroad and expand their overseas market territory easily, becoming the most powerful partner for Taiwanese merchants to “sell” their goods to Southeast Asia.

##### 3)Cross-industry strategic alliance to integrate Fintech-related services and expand financial sub-group

The Group has been actively developing its financial technology business for many years, and currently has a strong presence in the mobile payment, third-party payment, electronic payment and PPoint ecosystem. Under the strategic alliance framework, the Group will provide more diversified digital financial services by integrating our core strengths in cross-industry resources and services, and inject more energy into Taiwan's financial technology ecosystem. At the same time, as the most forward-looking company in the industry to invest in mobile payment, the Group has been actively building the PPoint ecosystem as one of its priorities by offering a wide range of usage areas and continuing to expand through partnerships with various industries, so as to meet the users’ needs in point collection and mobile payments.

##### 4)Forming cross-industry strategic alliances to integrate Fintech-related services and expand financial sub-group

By persistently expanding the application fields through FinTech and accelerating the integration of the Group's CDP (Customer Data Platform) with MarTech, PChome's e-commerce business has significantly enhanced its application of marketing technology, its power of applying personalized and precise marketing, as well as its improvement of

technological logistics to multiply the delivery efficiency, all of which are for providing consumers with the most comprehensive range of online services and to empower our partners and suppliers to achieve their digital transformation goals.

#### 5) Addressing the United Nations sustainable development goals for a better society

Protecting the environment is a significant issue today, which persistently influences the way brands act and operate. The new generation of consumers even pay more attention to environmental sustainability, such as global warming and environmental pollution. They expect the enterprises or platforms from which they buy goods to behave ethically and responsibly, too.

PChome is accustomed to managing risks and seizing opportunities, and our corporate governance approach focuses on a long-term vision that incorporates a corporate sustainability strategy into the DNA of our organization. PChome Group has embodied its innovative capacity in the green transformation of shopping behaviors in terms of gradually implementing major operational strategies, such as recycling of packaging materials, cyclic utilization and low-carbon logistics, as well as leveraging the digital marketing power of e-commerce to guide consumers to purchase energy-saving and environmentally friendly products. As a whole, the Company adopts a practical and close-to-life way to bring the public together to care for our environment.

#### 6) Recruiting professionals with cross-industry experience to strengthen industrial competitiveness and synergy

In recent years, PChome Group has launched innovative changes through e-commerce, financial technology and digital empowerment. Talents are also an important part of the Company's expansion strategy, and we are making great efforts to recruit professional managerial officers from various industries to make long-term preparations for the next decade. In addition, PChome has been building a lively and interesting e-commerce enterprise with its long-term strategy of open workplace culture and diversified talent training. In 2021, the Company's internship program not only brought in the new generation of talents with flexible thinking, but also enhanced our competitiveness in terms of service quality, operational capacity and cross-border talent cultivation.

#### (2) Favorable and unfavorable factors for future developments and response measures

##### 1) Favorable factors:

With the vigorous development of online shopping platforms and the popularity of mobile devices, coupled with the epidemic factors, the rapid rise of contactless economy has driven the turnover of digital finance and e-commerce categories to grow year by year. Looking forward to the future development, we think the favorable factors are:

##### A. The economic growth rate is expected to be revised up in 2022, and the overall industrial business prospects are promising.

Last year, Taiwan's GDP per capita exceeded US\$30,000 for the first time, and the economic growth rate, foreign trade, investment and production all performed well, indicating that the structural transformation of Taiwan's economy is gradually taking effect, and it is estimated that Taiwan's economy will continue to stabilize, with the expected economic growth rate exceeding 4% in 2022. In addition, with the better vaccination rate and government's

stimulus measures, the economy is expected to continue to recover and increase international trade flows. The business momentum in the general environment will help boost the demand for mass consumption, leisure and entertainment to drive the business growth of the industry.

B.The epidemic has changed the mindset of the general public, with the pursuit of quality but affordable goods becoming the main ideas.

According to an online survey conducted by EOL ISURVEY in November, 2021, the two-year-long epidemic has reshaped the mindset and values of the public. Compared with expectations of the future, consumers are more focused on the present, which is reflected in their lack of motivation to work and their desire for more relaxation time. They want to spend more time relaxing, and spend more on quality, with a higher proportion of preparing comfortable tops or affordable accessories for everyday life against those specially designed famous brand products. PChome 24h Shopping offers a wide range of products at different price levels and styles to meet the needs of consumers of different types in pursuit of new life values.

C.Online communication and livestream shopping intensified by Stay-at-Home Economy, and consumer connections reshaped by Metaverse

As contactless and Stay-at-Home economy has become the trend of e-commerce market, the public under the epidemic relies more on the interaction of online social media to meet social needs. Therefore, breaking the screen barrier and emphasizing real-time livestream shopping has become a new type of consumer experience in recent years, such as PChome 24h Shopping's livestream shopping for 9 consecutive days during the Double 11 period, which not only increases online entertainment and interactivity, but also provides rich product information and creates shopping content that attracts consumers' attention and stimulates shopping motivation.

In 2021, the "Metaverse" boom swept the world. After the gradual construction of the 5G network is completed, the consumer experience of augmented reality and virtual reality (AR/VR) will be enhanced to speed up the consumer's purchase decision-making process. By its very nature, Metaverse brings the ultimate immersive experience to consumers, and by enhancing "immersive shopping", it will become a powerful marketing communication tool for online channels.

D.Ushering in the era of scenario payments 4.0, with online, offline and cross-border payments all in"one-click"

The epidemic has served as a catalyst for the vigorous development of digital payments, enabling the public to quickly enter the era of scenario payments 4.0, where consumers can enjoy the convenience of "one-click payment" simply by adding and embedding their payment options to their payment accounts, no matter they are spending online, offline or even across borders. PChome's Pi Wallet has accumulated more than 1.3 million users and 380,000 cooperative stores. Through cross-industry and cross-scenario partnerships, it has expanded the application ecosystem for consumers. In the face of the post-epidemic era, the convenience and benefits brought by digital payments will enable consumers' behaviors to move towards a cashless society.

2)Disadvantages and countermeasures:

A.The international situation is highly volatile, the supply of materials unstable, and inflationary pressure a potential concern.

**Response measures:**

The epidemic has affected the operation of the global economy, and the international political situation has been volatile. At the beginning of 2022, the World Bank also raised concerns about the global economic outlook. It is expected that inflation rates in most countries around the world will increase in 2022. In the face of shipping congestion, shortage of goods and materials, and lack of labor, which eventually lead to cost increases and other hidden worries, PChome 24h Shopping is ready at any time to adjust its commodity portfolio strategy in response to the situation, grasp the supply chain situation in advance, and adopt inventory and bargaining measures beforehand. This explains why it can still provide the most competitive commodity services to consumers in the face of drastic changes.

B.Investment and development of digital platforms enhanced by the brick-and-mortar retail sector, leading to intensified competition in e-commerce industry

**Response measures:**

Catalyzed by the vigorous development of e-commerce and the epidemic, the global brick-and-mortar retail industry has been actively expanding and changing towards online sales in recent years, and has either entered into online sales or strengthened its online channel betting resources by opening shopping websites and building its own APP. In addition to the integrated e-commerce platform, PChome 24h Shopping, the Group also creates a PPoint ecosystem by incorporating digital financial payment to effectively consolidate its resources, intensify partnership synergy, and provide consumers with a one-stop shopping experience. It is through this ecosystem that meets the application needs of various life scenarios that the competitiveness of PChome's digital life ecosystem is accordingly upgraded.

(II)Main purpose and production process of the key products

The Company's key products are e-commerce and Internet services, including 24h shopping, global shopping and portal services. The Company offers a convenient shopping environment and a wide range of products to 7.5 billion people worldwide and consumers in Taiwan. We service a vast number of consumers with user-friendly Internet services.

(III)Supply of key raw materials

The Company's main business is to provide a wide range of products to consumers through e-commerce sales platforms . Those products are not manufactured by the Company. Hence, the supply of key materials does not apply.

(IV)Suppliers/customers accounted for at least 10% of purchase/sales in the most recent two years and respective amount and percentage

1.Suppliers accounted for at least 10% of purchase in the most recent two years and respective amount and percentage, and the reasons for the changes

The Company's business focuses on e-commerce. To meet customers' demand for diversity, purchases are not concentrated on specific suppliers.

2.Customers accounted for at least 10% of sales in the most recent two years and respective amount and percentage, and the reasons for the changes

The Company's operating revenue comes mostly from products sold through the e-commerce sales platform. Thus, customers are diverse and none of them accounts for 10% or more in the most recent two years.

(V) Production volume and value in the most recent two years

This is not applicable as the Company is not in the manufacturing industry.

(VI) Sales volume and value in the most recent two years

Unit: NT\$ thousands

Year	2020		2021	
	Overseas Sales	Domestic Sales	Overseas Sales	Domestic Sales
E-Commerce	25,702	43,665,826	13,149	48,136,168
Others	0	178,324	0	430,050
Total	25,702	43,844,150	13,149	48,566,218

### III. Human Resources

Human resources are a company's most important assets, and each company shall be committed to provide a safe workplace, so that employees are willing to realize their full potential. Therefore, to attract excellent talents, the Company not only provides steady and competitive salaries and comprehensive benefits, but also comprehensive training and promotion systems. The objective is to realize the basic policy of allowing human resources to realize their full potential.

Year		2020	2021	Up to the Publication Date of Annual Report in 2022
No. of employees	Sales personnel	1,328	1,481	1,536
	R&D personnel	205	221	223
	Administrative personnel	98	152	171
	Total	1,631	1,854	1,930
Average age		34.5	35.48	35.69
Average Years of Service		5.02	5.18	5.25
Educational background (%)	Ph.D.	0.1%	0.05%	0.05%
	Master's degree	8.1%	7.76%	7.62%
	Bachelor's degree and associate degree	67.7%	65.04%	65.54%
	Senior high school	21.9%	24.71%	24.20%
	Below senior high school	2.2%	2.44%	2.59%

### IV. Environmental Protection Expenditure

The Company's aggregate loss for environmental pollution (including compensation and

violations of environmental laws and regulations identified by environmental protection audits, where the punishment date and official document number, articles violated, and details of the violation and punishment shall be explicitly stated) in the most recent fiscal year up to the publication date of this annual report, and disclosure of potential losses at present and in the future and countermeasures. If the losses cannot be reasonably estimated, reasons shall be stated: None. The Company mainly engages in Internet business, including services at websites and e-commerce. Since the Company does not have a factory, there is no environmental pollution. Products of the Company and its subsidiaries are not involved in RoHS regulations.

## **V.Labor Relations**

(I)The Company's employee benefits, continuing education, training, retirement systems and the implementation status, agreements between employees and employer, and protections over employees' rights and interests

### **1.Employee benefits**

The Company has established an Employee Welfare Committee in accordance with regulations, contributes to the fund on a monthly basis, and arranges various benefits with detailed planning and budgets. Activities include movie screenings, dinner gatherings, Christmas events, clubs for employees to balance their life and work as well as release work stress, health check-ups, labor and health group insurances, etc. The Company establishes a reasonable and competitive compensation package based on the labor market, and provides a steady salary adjustment policy, as well as annual bonuses depending on the Company's performance. In addition, to improve employees' conversation and reading abilities in English and Japanese, the Company encourages employees to take TOEIC and JLPT tests and has education subsidies and incentive schemes in place. Furthermore, the Company provides the following benefits:

- (1)Employees are entitled to paid leaves at a rate that is superior to the Labor Standards Act three months after they are on-board.
- (2)The company library has various leisure books, magazines and newspapers and it provides a quiet space for taking a break.
- (3)Birthday celebrations are held regularly for employees to celebrate with one another.
- (4)Christmas and year-end parties are organized to thank employees for their hard work during the year.
- (5)Club activities allow employees to enjoy a work-life balance.
- (6)Set up breastfeeding rooms.

### **2.Continuing education and training**

Human resources are the most important assets of a company and they are the driving forces of a sustainable business. However, talents need to be cultivated through nurturing and training. Hence, the Company has comprehensive training systems in place which encompass orientation training for new recruits, and basic, professional and external trainings for job functions. Employees can learn correct knowledges, concepts and skills required at work, continue to build their knowledge and capabilities, stimulate their potential, and improve work efficiency. A sound learning environment at work is also formed. The Company is committed to nurture proactive professional talents having innovative concepts. Also, the

comprehensive training programs at each stage of career would promote employees towards self-development and become great talents with professional and management practices.

(1) Employee training costs, headcount, and duration

For the most recent year and as of March 31, 2022, employee training expenditures, attendance, and hours are shown below.

Course	Total number of employees	Total hours	Total costs (NT\$ thousands)
Orientation training	3,120	16,071	6,122
Professional training			
General knowledge training			
Management capabilities			

(2) Implementation of education and training

The Company has set employee learning and development as the key projects for human resources management in response to the rapid changes in industry technology and to ensure the development of employees' capabilities and career. Based on core competency, the Company launches various training activities and talent training programs commencing from operating strategies and in connection with professional competency training blueprints. These activities and programs are supported by diverse training methods, knowledge management systems, physical courses, mixed courses, and workshops. The training categories include orientation for new recruits (covering the Company's culture, organization, introduction on the operation of information and network system, occupational safety and health, and internal environment), common competencies development, management capabilities training for managerial officers, professional training, etc. The Company provides vast training resources to employees.

3. Retirement system

To provide for employees' life after retirement, the Company appropriates pension reserves each month in accordance with the Labor Standards Act for employees who are subject to the old pension regulations of the Act. Transactions are supervised by the Company's Employee Pension Reserve Supervisory Committee and the fund is deposited in the name of the Committee who is in charge of the bookkeeping, safekeeping, and utilization of the fund. For employees who are subject to the new pension regulations of the Labor Pension Act, the Company shall make monthly contributions at a rate no less than 6% of the employees' salaries in accordance with the Labor Pension Act. The salaries shall be as prescribed in the Table of Monthly Contribution Wage Classification approved by the Executive Yuan. The contributions are then deposited in the employee pension account at the Labor Insurance Bureau.

4. Agreements between the employer and employees

The Company has a well-functioned communication channel. It is committed to strengthen labor relations and encourages two-way communication to solve issues. Labor conditions are either superior to regulatory requirements or stipulated in accordance with the Labor Standards Act. There has been a sound labor relation and no labor disputes. The Company regularly holds management meetings to collect employees' opinions. It improves labor

relation through constant communication. In addition, the Company has set up e-mail accounts for direct communications with senior executives in the Company's internal and corporate websites. Any employee can file complaints or express opinions through this channel.

#### 5. Protection measures for employees' rights and interests

The Company has formulated work and personnel management rules, which provide clear guidelines on matters pertaining to the rights and obligations of employers and employees, and governance thereof, so that employees can fully understand and protect their rights and interests.

#### 6. Rules on employee remuneration and share subscription

The employee profit-sharing scheme allows employees to truly participate and share the Company's performance, and connect with its operational objectives. The Company's Articles of Incorporation stipulates that if the Company generates profits during the year, it shall appropriate 1% to 15% as employee compensation. Moreover, when new shares are issued for capital increase via cash, the Company would set aside a certain percentage of shares for employees to subscribe. Employees may subscribe shares at their own free will.

#### 7. Code of ethical conducts for employees

The Company has not established the "Code of Ethical Conducts for Employees". Instead, it regulates employees to behave in accordance with corporate policies or objectives through relevant rules or norms.

##### (1) Establish work rules

The Company has clear work rules in place for employees to comply with and follow. Those rules ensure that employees' behaviors do not deviate from requirements and regulations of the Company.

##### (2) Guidelines for rewards and punishments

The Company has clearly set out reward and punishment guidelines in the work rules to prevent unethical behaviors of employees which might damage the interests of the Company.

##### (3) Division of responsibilities of departments

The Company clearly defines the job responsibilities and organizational functions of each unit by its function in order to achieve specialization and good interactions between units, and enhance the effectiveness of organizational operations.

##### (4) Implementation of the trade secrets protection regulations

To ensure business interests and enhance the Company's competitiveness, employees have the obligations and responsibilities to keep trade secrets confidential. When new recruits come on-board, they are all required to sign the "Non-Competition and Confidentiality Agreement" and "Employment Agreement". The latter contains agreements of confidentiality and protection of intellectual property to ensure that the Company's information is secured and prevent trade secrets from leaking.

##### (5) A sound attendance system



The Company has strict controls at entrances. The entry and exit of all personnel are documented in details. Employees taking leaves shall carry out the leave procedures pursuant to the Company's governance system. Through the sound attendance system, the Company can enhance its disciplines and thus improve work quality.

Through existing governance systems and the promotion and execution of relevant rules, employees' individual behaviors and work ethics can be improved.

#### 8. Protection measures for work environment and employees' personal safety

The Company is in the information service, not manufacturing industry. Employees' work environment aims for safety, health, and comfort. Protecting employees' safety is the number one priority in the office to ensure that employees can enjoy maximum protection during work. The Company has set up access card devices at each entrance to protect the personal safety of employees. Repair and maintenance work shall be scheduled regularly, either annually, quarterly or monthly pursuant to regulations, for electromechanical or fire equipment (such as fire alarms or fire extinguishers) to ensure that they can function well at all times. In addition, the Company annually organizes health check-ups and carries out fire drills as scheduled by the building management committee so that employees are well informed about their physical conditions and know the correct responses at the time of emergencies. The Company also provides employees with group insurance to increase their protection at work. Regular maintenance and inspections are conducted on employees' water fountains to ensure they have access to safe drinking water.

(II) Losses arising as a result of labor disputes (including violations of Labor Standards Act identified during labor inspections, where the punishment date and official document number, articles violated, and details of the violation and punishment shall be explicitly stated) in the most recent year up to the date of publication of this annual report, and disclosure of potential losses at present and in the future and countermeasures. If the amount cannot be reasonably estimated, please state the reasons.

The Company has good labor relations. In the most recent year up to the date of publication of this annual report, there have been no labor disputes; thus, no losses arise in association with disputes. The Company will continue to be honest and responsible, stay committed to employee benefits, and pursue growth relentlessly with employees. We expect no labor disputes in the future.

## VI. Cyber Security Management

(I) Please describe the company's cyber security risk management structure, cyber security policies, specific management schemes, and resources invested in cyber security management.

### 1. Cyber security risk management structure

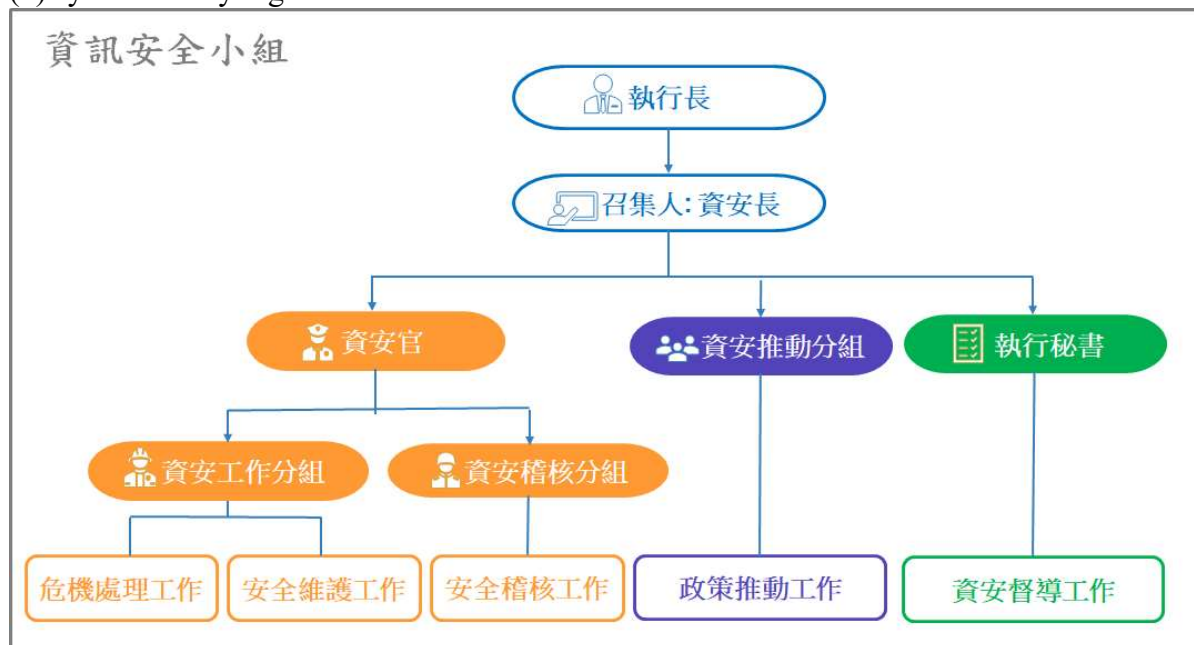
#### (1) Corporate cyber security governance organization

To strengthen cyber security management and establish a reliable information application system and environment, the Company established a dedicated "Cyber Security Department" in 2018, under the jurisdiction of which a central management unit is responsible for coordinating the formulation, implementation, risk assessment, control and compliance audits of the Group's cyber security and protection-related policies, so as to

enhance the cyber security and service quality of online services, as well as ensure the business capacity and information service performance. The top executive of the Cyber Security Department shall regularly report to the CEO and the Audit Committee of the Board of Directors on the effectiveness of cyber security management, cyber security-related issues and directions.

To implement the cyber security strategy set by the Security Department and to ensure internal compliance with cyber security-related guidelines, procedures and regulations, the "Cyber Security Task Force" was established. The CEO shall assign the Chief Cyber Security Officer as the convener to convene the Cyber Security Task Force responsible for cyber security prevention, audits, governance and crisis management, and assign senior managerial officers of each business unit to form a cyber security promotion group to push various policy promotion work. The executive secretary shall be responsible for holding meetings, coordinating security affairs, and implementing cyber security-related education and training. Quarterly meetings shall be held to review and resolve cyber security and protection policies, and fulfill the validity of cyber security management measures.

(2) Cyber security organizational structure



1. Cyber security policies

(1) Corporate cyber security management strategy and continuous improvement measures

To effectively fulfill cyber security management, the Company reviews the applicability of cyber security policies and protection measures through the "Cyber Security Task Force" and reports regularly with the CEO on the performance of risk management and implementation.

The Company is committed to allowing consumers to shop online at ease, without worrying about cyber security or personal privacy violations, and ensuring business capabilities and the effectiveness of online services. To fulfill the aforesaid commitment, the Company has established complete cyber security management policies to reduce corporate cyber security threats from the system, technical and procedural aspects, and establish confidential online protection services that meet customer needs and the highest

standards.

The Company has also established multi-layered cyber security measures, continuously introduced cyber security defense technologies, and established a cyber security monitoring and maintenance mechanism capable of identifying, protecting, detecting, resisting, responding, and recovering corporate cyber security threats, and formulated supply chain risk management processes to control the incidence of risks from all aspects to maintain the confidentiality, integrity, and availability of the Company's important assets, such as personal information, trade secrets and services.

The Company also actively monitors the performance of cyber security management, conducts cyber security risk measurement, analysis and improvement measures based on the results of regular audits, ensures cyber security defense capability through various information security attack drills, and systematically enhances cyber security awareness and alertness to prevent cyber security risks before they occur.

In addition, in order to enhance the cyber security awareness and knowledge of all employees, the Company holds regular cyber security conferences and training sessions to disseminate cyber security-related information and collect information security incidents to remind each unit of the precautions and protective measures required. Moreover, we also arrange for our colleagues to conduct external cyber security training from time to time to ensure that we keep abreast of the latest trends and new knowledge in cyber security.

(2) Specific management schemes



(3) Resources invested in cyber security management



## (II) Cyber security risks and contingency measures

Please describe the impacts of technological changes (including cyber security risks) and industry changes on the Company's financial operations and the contingency measures to address them.

The Company has established comprehensive network, application, device and cyber security safeguards and controls, but cannot guarantee that its systems for maintaining the Company's operations will be protected from new and evolving intrusions and attacks in the face of rapidly changing cyber security threats. These cyber attacks invade the Company's internal network system in an illegal manner, carry out activities that destroy the Company's operations and damage the Company's goodwill, or attempt to steal the Company's trade secrets and other confidential information, such as the personal information of customers and employees of the Company. They may also try to import computer viruses, destructive software, or extortion software into the Company's network system to interfere with the Company's operations, extort or blackmail the Company, gain control of the computer system, or spy on confidential information. They may also cause the Company to bear major legal liability due to related legal cases or regulatory investigations caused by the leakage of information from employees, customers or third parties to whom the Company has a duty of confidentiality.

In addition, the Company needs to share sensitive information with some of the third party vendors it employs in order to enable them to provide the relevant services. Although the Company strictly requires third-party service providers to comply with confidentiality and information security requirements in their service contracts and conducts regular audits during the cooperation period, there is no guarantee that each third-party service provider will comply with these obligations, or that the internal network systems and external cloud computing networks maintained by such service providers or their contractors may be

subject to cyber attacks. If the Company or its service providers are unable to resolve technical problems caused by these cyber attacks in a timely manner or to ensure the integrity and availability of data belonging to the Company and its customers or other third parties, or to take control of the Company's or its service providers' computer systems, the Company's commitment to its customers and other stakeholders could be materially impaired, and the Company's results of operations, financial condition, prospects and reputation could be materially and adversely affected as a result. The Company will continuously review and evaluate cyber security regulations, procedures and structures to ensure their appropriateness and validity, and will continue to strengthen its network firewalls and network controls to reduce the potential for the spread of computer viruses, persistently introduce advanced solutions to detect and defend against malicious attacks, import new technologies to enhance data protection, enhance phishing e-mail detection and resilience and continuously improve the Company's cyber security monitoring and maintenance mechanism in a structural manner, so as to effectively control and reduce its cyber security risks.

### (III) Material cyber security incidents

Please list the losses suffered, the possible effects of significant cyber security incidents (e.g.: operational or goodwill impacts) and contingency measures. If it is impossible to make a reasonable estimate, you should explain the facts that it is impossible to make a reasonable estimate.

For the most recent year and as of the date of printing of the Annual Report, the Company is not aware of any material cyber attacks or incidents that have had or are likely to have a material adverse effect on the business and operations of the Company, nor has it been involved in any legal cases or regulatory investigations in relation thereto.

### VII. Important Contracts

List parties, major content, restrictive clause, and commencement date and expiration date of supply/distribution contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other material contracts that would affect shareholders' equity, where the contracts were either effective as of the date of publication of the annual report or expired in the most recent year.

2021.12.31

Nature of Contract	Counterparty	Contract Period	Details	Restrictive Provisions
Contract	Chunghwa Telecom Co., Ltd.	2021/08/01 ~ 2022/07/31	Co-location	None
Lease Agreement for Co-location Services	New Century InfoComm Tech Co., Ltd.	Commenced on March 1, 2004 (The Company can terminate the contract anytime with	Co-location	None

Nature of Contract	Counterparty	Contract Period	Details	Restrictive Provisions
		written notice served four days in advance)		
ASSET PURCHASE AGREEMENT ; TRADEMARK LICENSE AGREEMENT ; DERIVATIVE LICENSE AGREEMENT	PChome eBay Co., Ltd.	Signed on 2006/09/15	In 2006, the Company and eBay International AG established a joint venture "PChome eBay Co., Ltd." ("PChome eBay"), signed a "TRADEMARK LICENSE AGREEMENT" with PChome eBay in 2006, authorizing the joint venture to use the Company's trademark within the scope of online auction business, also signed "DERIVATIVE LICENSE AGREEMENT" with Pchome eBay. According to the agreement, the Company is entitled to acquire the platform technology developed by the joint venture and related information.	None
Bank credit approval notice	The Company and Shanghai Commercial & Savings Bank	2018/05/04~2028/05/04	<ol style="list-style-type: none"> <li>1. Credit line: Long-term loan of NT\$1 billion (irreversible circulation)</li> <li>2. Credit period: 10years</li> <li>3. Interest is paid monthly, with a fixed principal repayment of NT\$100 million on May 4 each year</li> </ol>	None
Bank credit approval notice	PChomestore Inc. and	2019/01/02~2025/07/02	<ol style="list-style-type: none"> <li>1. Credit line: Medium-term of NT\$650</li> </ol>	None

Nature of Contract	Counterparty	Contract Period	Details	Restrictive Provisions
	Shanghai Commercial & Savings Bank		<p>million (irreversible circulation)</p> <ol style="list-style-type: none"> <li>2. Credit period: 6.5 years</li> <li>3. The principal is repaid at NT\$50 million every six months, and the interest is paid</li> <li>4. Guaranty method: 20% demand deposit reserve based on the credit balance</li> <li>5. Other matters: For positive net value, the deposit should be maintained at no less than 90% of the used balance.</li> </ol>	
Warehouse lease agreement (Linkou Warehouse)	The Company and Chunghwa Post Co., Ltd.	2019/06/18~2036/11/01	A total of 15 storage units will be leased for 15 years from the lease inception date.	None

## Chapter 6 Financial Information

### I. Condensed Financial Data of the Most Recent Five Years

(I) Condensed balance sheet

1. Condensed parent company only balance sheets - IFRS

Unit: NT\$ thousands

Item		Year	Financial Information of the Most Recent Five Years (Note 1)				
			2017	2018	2019	2020	2021
Current assets			5,484,052	5,843,149	5,880,642	7,730,654	8,230,730
Property, plant, and equipment			509,789	443,799	440,998	389,790	780,187
Intangible assets			44,192	24,040	44,812	34,120	22,427
Other assets			2,234,839	1,065,849	4,605,614	4,150,654	7,823,335
Total assets			8,272,872	7,376,837	10,972,066	12,305,218	16,856,679
Current liabilities	Before distribution		3,543,049	3,632,034	4,807,561	5,489,006	6,669,893
	After distribution		3,543,049	3,632,034	4,889,573	5,642,743	6,733,710 (Note 2)
Non-current liabilities			12,827	811,070	3,121,735	3,456,566	3,860,056
Total liabilities	Before distribution		3,555,876	4,443,104	7,929,296	8,945,572	10,529,949
	After distribution		3,555,876	4,443,104	8,011,308	9,099,309	10,593,766 (Note 2)
Equity attributable to owners of parent company			4,716,996	2,933,733	3,042,770	3,359,646	6,326,730
Share Capital			1,171,595	1,171,595	1,171,595	1,182,595	1,285,139
Capital surplus			2,507,459	2,507,423	1,722,411	1,938,916	4,692,857
Retained earnings	Before distribution		1,042,062	(790,347)	100,564	302,345	243,510



	After distribution	1,042,062	0	18,552	148,608	179,693 (Note 2)
Other equity interest		(4,120)	45,062	48,200	(64,210)	182,586
Treasury stock		0	0	0	0	(77,362)
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	4,716,996	2,933,733	3,042,770	3,359,646	6,326,730
	After distribution	4,716,996	2,933,733	2,960,758	3,205,909	6,262,913 (Note 2)

Note 1: Financial information from 2017 to 2021 has been audited and certified by CPAs.

Note 2: Refers to the amount determined by the Board of Directors on March 23, 2022.

## 2. Condensed consolidated balance sheets -IFRS

Unit: NT\$ thousands

Year		Financial Information of the Most Recent Five Years (Note 1)					Financial Information ending March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Item							
Current assets		10,772,761	10,265,101	11,045,195	12,645,129	15,307,816	13,739,608
Property, plant, and equipment		574,409	541,005	584,976	569,790	957,115	990,765
Intangible assets		49,850	28,224	153,710	141,516	4,127,252	4,141,817
Other assets		220,436	326,579	3,473,866	3,105,294	4,038,343	4,027,022
Total assets		11,618,909	11,160,909	15,257,747	16,461,729	24,430,526	22,899,212
Current liabilities	Before distribution	6,445,837	6,369,104	7,832,514	8,454,808	11,951,487	10,508,498
	After distribution	6,445,837	6,369,104	7,914,526	8,608,545	12,015,304 (Note 2)	Not applicable
Non-current liabilities		18,264	1,368,261	3,658,149	3,922,919	4,824,729	4,792,048
Total Amount	Before distribution	6,464,101	7,737,365	11,490,663	12,377,727	16,776,216	15,300,546
	After distribution	6,464,101	7,737,365	11,572,675	12,531,464	16,840,033 (Note 2)	Not applicable
Equity attributable to owners of parent company		4,716,996	2,933,733	3,042,770	3,359,646	6,326,730	6,215,727
Share Capital		1,171,595	1,171,595	1,171,595	1,182,595	1,285,139	1,285,139
Capital surplus		2,507,459	2,507,423	1,722,411	1,938,916	4,692,857	4,716,720
Retained	Before distribution	1,042,062	(790,347)	100,564	302,345	243,510	147,616

earnings	After distributi on	1,042,06 2	0	18,552	148,608	179,693 (Note 2)	Not applicable
Other equity interest		(4,120)	45,062	48,200	(64,210)	182,586	143,614
Treasury stock		0	0	0	0	(77,362)	(77,362)
Non-controlling interests		437,415	489,811	724,314	724,356	1,327,580	1,382,939
Total equity	Before distributi on	5,154,41 1	3,423,54 4	3,767,084	4,084,00 2	7,654,310	7,598,666
	After distributi on	5,154,41 1	3,423,54 4	3,685,072	3,930,26 5	7,590,493 (Note 2)	Not applicable

Note 1: Financial information from 2017 to 2021 has been audited by CPAs and financial information of the first quarter of 2022 has been reviewed by CPAs.

Note 2: Refers to the amount determined by the Board of Directors on March 23, 2022.

## (II) Condensed statement of comprehensive income

## 1. Condensed parent company only statement of comprehensive income - IFRS

Unit: NT\$ thousands

Item	Year	Financial Information of the Most Recent Five Years (Note 1)				
		2017	2018	2019	2020	2021
Operating revenue		26,965,853	32,113,665	36,308,415	41,672,964	46,118,646
Gross profit		3,907,416	3,912,699	4,310,956	5,016,864	5,527,225
Operating income (loss)		790,239	326,915	427,285	589,528	595,414
Non-operating income and expenses		(627,427)	(1,274,707)	(214,813)	(255,903)	(276,266)
Income before income tax		162,812	(947,792)	212,472	333,625	319,148
Net income of continuing operations		36,490	(994,643)	162,437	252,794	97,442
Loss from discontinued operations		0	0	0	0	0
Net income (loss) of the period		36,490	(994,643)	162,437	252,794	97,442
Other comprehensive income, net of tax		2,576	9,849	2,426	(57,369)	228,110
Total comprehensive income		39,066	(984,794)	164,863	195,425	325,552
Net income attributable to owners of parent		36,490	(994,643)	162,437	252,794	97,442
Net income attributable to non-controlling interests		0	0	0	0	0
Total comprehensive income attributable to owners of parent		39,066	(984,794)	164,863	195,425	325,552
Total comprehensive income attributable to non-controlling interests		0	0	0	0	0
Earnings per share		0.31	(8.49)	1.39	2.16	0.84

Note 1: Financial information from 2017 to 2021 has been audited and certified by CPAs.

## 2. Condensed consolidated statement of comprehensive income - IFRS

Unit: NT\$ thousands

Year	Financial Information of the Most Recent Five Years					Financial Information ending March 31, 2022 (Note 1)
	(Note 1)					
Item	2017	2018	2019	2020	2021	
Operating revenue	29,415,177	34,594,364	38,883,580	43,869,852	48,579,367	11,709,437
Gross profit	4,438,009	4,298,457	4,589,608	4,994,411	5,555,740	1,433,193
Operating income (loss)	(210,154)	(1,726,844)	277,916	316,304	241,477	1,201
Non-operating income and expenses	(11,940)	27,041	(45,901)	(11,936)	97,126	31,740
Income before income tax	(222,094)	(1,699,803)	232,015	304,368	338,603	32,941
Net income of continuing operations	(391,745)	(1,766,873)	141,694	220,874	62,245	(30,617)
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss) of the period	(391,745)	(1,766,873)	141,694	220,874	62,245	(30,617)
Other comprehensive income, net of tax	3,360	6,447	(2,526)	(58,430)	84,982	(39,861)
Total comprehensive income	(388,385)	(1,760,426)	139,168	162,444	147,227	(70,478)
Net income attributable to owners of parent	36,490	(994,643)	162,437	252,794	97,442	(32,077)
Net income attributable to non-controlling interests	(428,235)	(772,230)	(20,743)	(31,920)	(35,197)	1,460
Total comprehensive income attributable to owners of parent	39,066	(984,794)	164,863	195,425	325,552	(72,501)

Total comprehensive income attributable to non-controlling interests	(427,451)	(775,632)	(25,695)	(32,981)	(178,325)	2,023
Earnings per share	0.31	(8.49)	1.39	2.16	0.84	(0.25)

Note 1: Financial information from 2017 to 2021 has been audited by CPAs and financial information of the first quarter of 2022 has been reviewed by CPAs.

(III) Names and audit opinions of CPAs for the 5 most recent years

Year	Name of Accounting Firm	CPAs	Audit Opinion
2017	KPMG	Liu-Fong Yang, Pearl Chen	Unqualified opinion
2018	KPMG	Liu-Fong Yang, Tsao-Jen Wu	Unqualified opinion
2019	KPMG	Chung-I Chiang, Tsao-Jen Wu	Unqualified opinion
2020	KPMG	Chung-I Chiang, Tsao-Jen Wu	Unqualified opinion
2021	KPMG	Pearl Chen and Lillian Lien	Unqualified opinion

## II. Financial Analysis of the Most Recent Five Years

(I) Financial analysis on parent company only financial statement - IFRS

Item		Year	Financial Analysis of the Most Recent Five Years (Note 1)				
		2017	2018	2019	2020	2021	
Financial Structure	Debt ratio (%)	42.98	60.23	72.27	72.20	62.47	
	Long-term fund to property, plant and equipment ratio (%)	927.80	843.81	1,397.85	1,748.69	1,305.69	
Liquidity Analysis	Current ratio (%)	154.78	160.88	122.32	140.84	123.40	
	Quick ratio (%)	126.81	124.61	85.83	107.03	95.06	
	Times interest earned (times)	198.59	(111.71)	5.26	8.80	8.87	
Operating Performance	Average collection turnover (times)	83.59	64.00	50.91	57.45	52.75	
	Days sales outstanding	4.4	5.7	7.17	6.35	6.92	
	Inventory turnover (times)	29.19	25.33	21.66	21.05	23.01	
	Average payment turnover (times)	9.50	10.39	11.35	10.94	10.75	
	Average inventory turnover days	12.5	14.4	16.9	17.3	15.9	
	Property, plant and equipment turnover (times)	52.90	72.36	82.33	106.91	59.11	
	Total assets turnover (times)	3.26	4.35	3.31	3.39	2.74	
Profitability	Return on assets (%)	0.45	(12.62)	2.22	2.48	0.90	
	Return on equity (%)	0.73	(26.00)	5.4	7.9	2.01	
	Net income before income tax to paid-in capital ratio (%)	13.90	(80.90)	18.14	28.21	25.05	
	Net margin (%)	0.14	(3.10)	0.45	0.61	0.21	
	Earnings per share (NT\$)	0.31	(8.49)	1.39	2.16	0.84	
Cash Flow	Cash flow ratio (%)	31.90	(29.47)	30.22	46.04	12.82	
	Cash flow adequacy ratio (%)	136.36	78.62	90.15	153.65	161.21	
	Cash flow reinvestment ratio (%)	10.46	(24.07)	29.56	28.44	5.65	
Leverage	Operating leverage	3.52	7.86	6.56	5.33	6.44	
	Financial leverage	1.0	1.03	1.13	1.08	1.07	

Note 1: Financial analysis from 2017 to 2021 is based on numbers in the parent company only financial statements audited and certified by CPAs.

## (II) Financial analysis on consolidated financial statement - IFRS

Item	Year	Financial Analysis of the Most Recent Five Years (Note 1)					Financial Information as of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Financial Structure	Debt ratio (%)	55.63	69.33	75.31	75.19	68.67	66.82
	Long-term fund to property, plant and equipment ratio (%)	900.34	885.72	1,269.32	1,405.24	1,303.82	1,250.62
Liquidity Analysis	Current ratio (%)	167.13	161.17	141.02	149.56	128.08	130.75
	Quick ratio (%)	150.86	137.99	116.43	124.90	109.92	112.47
	Times interest earned (times)	(87.13)	(69.49)	4.62	6.56	7.17	3.28
Operating Performance	Average collection turnover (times)	74.05	64.24	67.77	86.79	25.08	13.57
	Days sales outstanding	4.9	5.7	5.4	4.2	14.55	26.89
	Inventory turnover (times)	31.50	27.13	23.19	22.10	23.85	24.96
	Average payment turnover (times)	9.69	10.70	11.71	11.22	11.04	11.45
	Average inventory turnover days	11.6	13.5	15.74	16.52	15.31	14.62
	Property, plant and equipment turnover (times)	51.21	63.94	66.47	76.99	50.76	47.27
	Total assets turnover (times)	2.53	3.10	2.55	2.66	1.99	2.05
Profitability	Return on assets (%)	(3.52)	(15.34)	1.46	1.67	0.52	(0.08)
	Return on equity (%)	(7.03)	(41.20)	3.94	5.63	1.06	(0.40)
	Net income before income tax to paid-in capital ratio (%)	(18.96)	(145.08)	19.80	25.74	26.57	2.56
	Net margin (%)	(1.33)	(5.11)	0.36	0.50	0.13	(0.26)
	Earnings per share (NT\$)	0.31	(8.49)	1.39	2.16	0.84	(0.25)
Cash Flow	Cash flow ratio (%)	11.65	(41.58)	8.62	16.71	6.17	(9.11)
	Cash flow adequacy ratio (%)	153.99	43.12	20.96	37.96	27.29	(33.82)
	Cash flow reinvestment ratio (%)	3.41	(45.90)	7.46	13.02	3.97	(6.49)
Leverage	Operating leverage	(10.54)	(1.01)	7.72	7.33	10.19	516.51
	Financial leverage	0.99	0.99	1.30	1.21	1.29	(0.09)

Reasons for changes in various financial ratios in the most recent two years (Analysis is not required if the change is within 20%)

- 1.Receivables turnover: The decrease from the previous period was mainly due to a longer collection period of receivables from the newly invested subsidiary for this period.
- 2.Days sales outstanding: The increase over the previous period was mainly due to the decrease in the receivables turnover.
- 3.Property, plant and equipment turnover: The decrease from the previous period was mainly due to the increase in the acquisition of property, plant and equipment.
- 4.Total assets turnover: The decrease from the previous period was mainly due to the large size of the newly invested subsidiary.



5. Return on assets: The decrease from the previous period was mainly due to the decrease in net income for this period.
6. Return on equity: The decrease from the previous period was mainly due to the decrease in net income for this period.
7. Net margin: The decrease from the previous period was mainly due to the decrease in net income for this period.
8. Earnings per share: The decrease from the previous period was mainly due to the decrease in net income for this period.
9. Cash flow ratio: The decrease from the previous period was mainly due to the decrease in net cash inflow from operating activities as a result of the increase in receivables.
10. Cash flow adequacy ratio: The decrease from the previous period was mainly due to the decrease in net cash flow from operating activities for this period.
11. Cash flow reinvestment ratio: The decrease from the previous period was mainly due to the decrease in net cash flow from operating activities.
12. Operating leverage: The increase over the previous period was mainly due to the increase in gross profit.

Note 1: Financial analysis from 2017 to 2021 is based on numbers in the consolidated financial statements audited and certified by CPAs. Financial analysis for the first quarter of 2022 is based on numbers in the consolidated financial statements reviewed by CPAs.

Note 2: The following lists the formulas used for performing the financial analysis:

#### 1. Financial Structure

(1) Debt ratio = Total liabilities/total assets.

(2) Long-term fund to property, plant and equipment ratio = (Total equity + Non-current liabilities) / Net property, plant and equipment.

#### 2. Liquidity Analysis

(1) Current ratio = Current assets/Current liabilities.

(2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities.

(3) Times interest earned = Earnings before interests and taxes (EBIT) / Interest expenses over this period.

#### 3. Operating Performance

(1) Average collection turnover (including accounts receivable and notes receivable resulting from business operations) = Net sales/Average receivable of the period (including accounts receivable and notes receivable resulting from business operations).

(2) Days sales outstanding = 365/Average collection turnover.

(3) Inventory turnover = Cost of sales/Average inventories.

(4) Average payment turnover (including accounts payable and notes payable resulting from business operations) = Cost of sales/Average payable of the period (including accounts payable and notes payable resulting from business operations).

(5) Average inventory turnover days = 365/Inventory turnover.

(6) Property, plant and equipment turnover = Net sale/Average net property, factory and equipment.

(7) Total assets turnover = Net sales/Average total assets.

#### 4. Profitability

(1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets

(2) Return on Equity (ROE) = Net income (loss)/Average total equity.

(3) Net margin = Net income (loss)/Net sales.

(4) Earnings per share = (Net income attributable to owners of parent company - Preferred stock dividend) / Weighted average number of shares outstanding. (Note 3)

#### 5. Cash Flow

(1) Cash flow ratio = Net cash generated by operating activities/Current liabilities.

(2)Cash flow adequacy ratio = Net cash generated by operating activities in the 5 most recent years/(Capital expenditure + Inventory increase + Cash dividends) in the 5 most recent years.

(3)Cash flow reinvestment ratio = (Net cash generated by operating activities - Cash dividends)/(Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 4)

6.Leverage:

(1)Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income (Note 5).

(2)Financial leverage = Operating income/(Operating income - Interest expenses).

Note 3: Special attention shall be paid to the following matters when using the formula of Earnings Per Share above:

- 1.It shall be based on the weighted average number of common shares rather than the number of outstanding shares at the end of the year.
- 2.Where there is capital increase by cash or treasury share transaction, the circulation period shall be considered when calculating the weight average number of shares.
- 3.Where there is capital increase by earnings or by capital surplus, the annual and semi-annual earnings per share of previous years shall be retrospectively adjusted in accordance with the proportion of capital increase without considering the issuance period of such capital increase.
- 4.If the preferred stocks are inconvertible cumulative preferred stocks, dividends of the year (whether paid or not) shall be deducted from net income or included in the net loss. If the preferred stocks are not cumulative, preferred stock dividends shall be deducted from the net income (if any), and no adjustment is required in the case of net loss.

Note 4: Special attention shall be paid to the following matters for cash flow analysis:

- 1.Net cash generated by operating activities is the net cash inflow from operating activities in the statement of cash flows.
- 2.Capital expenditure is the annual cash outflow of capital investment.
- 3.The increase in inventory is included only when the ending balance is greater than the beginning balance. If the year-end inventory balance decreases, it is counted as zero.
- 4.Cash dividends include the cash dividends of common and preferred stocks.
- 5.Gross property, plant and equipment shall refer to the balance of property, plant and equipment before deducting accumulated depreciation.

Note 5: The issuer shall classify operating costs and operating expenses as fixed or variable by their nature. If estimation or subjective judgment is involved, attention shall be paid to its reasonableness and consistency.

Note 6: Where the company's shares have no par value or where the par value per share is not NT\$10, calculations involving paid-in capital shall replace it with the equity attributable to owners of parent company on the balance sheet.

### **III. Audit Committee's Review Report of the Most Recent Year**

## **PChome Online Inc. Audit Committee's Review Report**

To the 2022 Annual General Meeting of the Company:

In consideration of the Company's FY 2021 annual financial statements and consolidated financial statements submitted by the Board of Directors, having been subject to the audit completed by Pearl Chen and Lillian Lien, the CPAs of KPMG, together with the FY 2021 annual business report and the earning distribution proposal, having been reviewed by the Audit Committee with a conclusion of no discrepancy found yet, I hereby, in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, approve this review report prepared by the Audit Committee to be submitted for Your Annual General Meeting's review

Respectfully yours,

Hochen Tan  
Convenor of the Audit Committee

March 23, 2022

**IV. Financial Statements of the Most Recent Year:** Please refer to Attachment  
this annual report from Page 206~284

**V. Audited and Certified Consolidated Financial Statements of the Most Recent Year:** Please  
refer to Attachment II in this annual report from Page 2285~367

**VI. Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent  
Year up to the Date of Publication of This Annual Report, and Their Impact on the  
Company's Financial Position:** None.

## Chapter 7 Review and Analysis of Financial Conditions, Financial Performance, and Risk Management

### I. Financial Status

Unit: NT\$ thousands; %

Item	Year	2020	2021	Difference	
				Amount	%
Current assets		12,645,129	15,307,816	2,662,687	21.06%
Financial assets at fair value through profit or loss - non-current		68,245	191,512	123,267	180.62%
Financial assets at fair value through other comprehensive income - non-current		248,425	767,882	519,457	209.10%
Investments accounted for using equity method		34,432	39,532	5,100	14.81%
Property, plant and equipment, net (including right-of-use asset)		3,038,686	3,037,488	(1,198)	(0.04)%
Intangible assets		141,516	4,127,252	3,985,736	2,816.46%
Other assets		285,296	959,044	673,748	236.16%
Total assets		16,461,729	24,430,526	7,968,797	48.41%
Current liabilities		8,454,808	11,951,487	3,496,679	41.36%
Non-current liabilities		3,922,818	4,824,729	901,810	22.99%
Total liabilities		12,377,727	16,776,216	4,398,489	35.54%
Share Capital		1,182,595	1,285,139	102,544	8.67%
Capital surplus		1,938,916	4,692,857	2,753,941	142.04%
Retained earnings		302,345	243,510	(58,835)	(19.46)%
Other equity interest		(64,210)	182,586	246,796	(384.36)%
Equity attributable to owners of parent company		3,359,646	(77,362)	(77,362)	(100)%
Non-controlling interests		724,356	6,326,730	2,967,084	88.32%
Total equity		4,084,002	1,327,580	603,224	83.28%

Analysis: For changes in percentage exceed 20% or changes in dollar amount exceed NT\$10 million, the analysis is set out below.

1. Current assets: Mainly due to the newly merged accounts receivable of 21st Century Digital Co., Ltd. for this period.
2. Financial assets at fair value through profit or loss - current: Mainly the investment target newly held for the period.
3. Financial assets at fair value through other comprehensive income - non-current: Mainly the investment target newly held for the period.
4. Intangible assets: Mainly due to the Goodwill obtained from the computer software and business merger.

5. Other assets: Mainly due to the consolidation of long-term accounts receivable of the newly merged 21st Century Digital Co., Ltd. for this period.
  6. Total assets: Mainly due to the newly merged 21st Century Digital Co., Ltd. for this period.
  7. Current liabilities: Mainly due to the consolidation of short-term loans from the newly merged 21st Century Digital Co., Ltd. for this period.
  8. Non-current liabilities: Mainly due to the consolidation of long-term loans from the newly merged 21st Century Digital Co., Ltd. for this period.
  9. Total liabilities: Mainly due to the effect of the newly merged 21st Century Digital Co., Ltd. for this period.
  10. Capital surplus: Mainly due to the change in ownership interest in the subsidiary.
  11. Other equity interest: Mainly due to the effect of exchange rate changes and the effect of investment evaluation of FVOCI.
  12. Non-controlling interests: Mainly due to addition of the newly invested company for this period.
- Changes mentioned above are normal operation changes, and have no significant impact on the Company's finances.

## II. Financial Performance

(I) Main causes of major changes in operating revenue, operating income, and income before income tax in the most recent two years

Unit: NT\$ thousands; %

Item	Year	2020	2021	Changes in Dollar Amount	Changes in Percentage (%)
Operating revenue, net		43,869,852	48,579,367	4,709,515	10.74%
Operating costs		38,875,441	43,023,627	4,148,186	10.67%
Gross profit		4,994,411	5,555,740	561,329	11.24%
Operating expenses		4,678,123	5,314,263	636,140	13.60%
Other Profit and Expense Net Amount		16	-	(16)	(100.00)%
Net operating income (loss)		316,304	241,477	(74,827)	(23.66)%
Non-operating income and expenses		(11,936)	97,126	109,062	(913.72)%
Net income (loss) before income tax		304,368	338,603	34,235	11.25%
Income tax expense		83,494	276,358	192,864	230.99%
Net income for the year ended December 31, 2017		220,874	62,245	(158,629)	(71.82)%
Analysis: For changes in percentage exceed 20% or changes in dollar amount exceed NT\$10 million)					
1. Net operating profit: Mainly due to an increase in administration from the previous period as a result of higher salaries and higher remuneration costs for restricted stocks and treasury shares against those in last year.					
2. Non-operating income and expenses: Mainly due to an increase of non-operating income as a result of the valuation benefit of the investment targets and the epidemic subsidy project.					
3. Income tax expense (benefit): Mainly due to an increase of income tax expense as a result of the exchange of equity in the subsidiary.					
4. Net gain: Mainly due a decrease in net profit from the previous period as a result of an increase of income tax expense from the previous period.					
Changes mentioned above are normal operation changes, and have no significant impact on the Company's finances.					

(II) Expected sales volume in the coming year and its basis

The Company expects online shopping to grow in the coming year based on industry environment and future supply and demand of the market while taking into account business expansion and expected growth rate. The Company's e-commerce business shall be able to achieve a stable growth.

(III) Possible impact on the Company's financial operations and response plans

The Company is in a growing industry. Depending on changes in market demand, the Company will expand its market share and improve profitability in the future. Its business is expected to continue its growth and the financial status is well-maintained.

## III. Cash Flow

Analysis of changes in cash flow, improvement plans for liquidity shortage, and the liquidity analysis for the coming year:

(I) Analysis of cash flow changes in the most recent fiscal year

Unit: NT\$ thousands

Cash balance amount at the beginning of the year (1)	Net cash inflow (outflow) from operating activities in the year (2)	Cash inflow (outflow) in the year (3)	Amount of Cash Surplus (Shortage) (1) + (2) + (3)	Measures for Cash Shortage	
				Investing Plan	Financing Plan
8,147,763	736,866	(737,390)	8,147,239	None	None

1. Operating activities:

Net cash inflow from operating activities of NT\$736,866 thousand was mainly due to net income before income tax of NT\$338,603 thousand, a decrease in net changes of assets relating to operating activities of NT\$1,114,844 thousand, an increase in net changes of liabilities relating to operating activities of NT\$741,954 thousand, and cash used in operating activities of NT\$765,620 thousand.

2. Investing activities:

Net cash outflow from investing activities of NT\$2,096,248 thousand was mainly caused by the acquisition of property, plants, intangible assets and equipment from subsidiaries.

3. Financing activities:

Net cash inflow from financing activities of NT\$1,383,665 thousand was mainly due to cash capital increase of NT\$1,000,000 thousand, the borrowing of long-term loans of NT\$849,100 thousand and short-term loans of NT\$658,436 thousand, the repayment of lease principals of NT\$501,372 thousand, the repayment of long-term loans of NT\$400,000 thousand and the distribution of cash dividends of NT\$153,737 thousand.

(II) Measures for cash shortage and liquidity analysis

1. There is no cash shortage in the most recent year.

2. The liquidity analysis of the most recent two years is as follows:

Item	Year	2020	2021	Changes in Percentage (%)
Cash flow ratio (%)		16.71	6.17	(63.09)%
Cash flow adequacy ratio (%)		37.96	27.29	(28.11)%
Cash flow reinvestment ratio (%)		13.02	3.97	(69.48)%

Notes to increase/decrease:

- The decrease from the previous period was mainly due to a decrease in net cash inflow from operating activities as a result of the increase in net change in assets this year.
- The decrease from the previous period was mainly due to a decrease in net cash inflows from operating activities in the past five years.
- The decrease from the previous period was mainly due to a decrease in net cash inflows from operating activities for this period.

(III) Cash liquidity analysis for the following year

Unit: NT\$ thousands

Cash balance amount at the	Net cash inflow (outflow) from	Cash inflow (outflow) in	Amount of Cash Surplus	Measures for Cash Shortage
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beginning of the year (1)	operating activities in the year (2)	the year (3)	(Shortage) (1) + (2) + (3)	Investing Plan	Financing Plan
8,147,239	2,345,840	(1,874,575)	8,618,504	None	None

**IV. Major Capital Expenditures in the Most Recent Year and Their Impacts on the Company's Finance and Operations:** None.

**V. Reinvestment Policies of the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Upcoming Year**

Item (Note 1)	Reinvestment Policy	Main Reason for Profits or Losses	Improvement Plan	Investment Plan for the Coming Year (Note 2)
IT Home Publications Inc.	Strategic investment associated with internet	Perform well in terms of profitability and operation	Continuous development	None
Linktel Inc.	Strategic investment associated with internet	Magnitude of loss is diminishing	Continue to develop business to improve profitability.	None
PCHomestore Inc.	Strategic investment associated with internet	Losses due to market competition; adjustments made in operating strategies	Continue to adjust operating strategies, control related costs and expenses, with a view to improving profitability.	None
PCHOME US INC.	Strategic investment associated with internet	Magnitude of loss is diminishing	Adjust business strategy	None
Pi Mobile Technology Inc.	Strategic investment associated with internet	In line with the Company's business strategies, not yet profitable	According to the operational needs, adjust the strategy and improve profitability.	None
PChome(Thailand) CO., LTD.	Strategic investment associated with internet	Losses due to market competition; adjustments made in operating strategies	Continue to develop ASEAN market.	None
PChome Travel Inc.	Strategic investment associated with internet	Magnitude of loss is diminishing	Continue to introduce new businesses depending on the development of COVID-19 epidemic.	None
PChome Financial Technology Inc.	Strategic investment associated with internet	Magnitude of loss is diminishing	According to the operational needs, adjust the strategy and improve profitability.	None
PChome Express Inc.	Strategic investment in logistics and	Losses due to market competition;	Continue to adjust operating	None

Item (Note 1)	Reinvestment Policy	Main Reason for Profits or Losses	Improvement Plan	Investment Plan for the Coming Year (Note 2)
	transportation	adjustments made in operating strategies	strategies, control related costs and expenses, with a view to improving profitability.	
Chunghwa PChome Fund 1 Co., Ltd.	Strategic investment in venture capital	Perform well in terms of profitability and operation	Continuous development	None
Keystone Innovation Venture Capital Co., Ltd.	Strategic investment in venture capital	Perform well in terms of profitability and operation	Continuous development	None
PCHOME CBS Co., Ltd.	Strategic investment in e-commerce cross- border service	Attributed to recognition of profit or loss from investment in investees	The reinvested company turned losses into profits for this year.	None
MiTCH Co., Ltd.	Strategic investment associated with internet	In line with the Company's business strategies, not yet profitable	The scale of operation has yet to be improved	None
UNIGEN ENGINEERING CO., LTD.	Strategic investment related to electronic information supply services	Newly-invested company, not yet profitable.	According to the operating needs, adjust the strategy and improve the profitability.	None
21st Century Technology Co., Ltd.	Strategic investment in FinTech services	Newly-invested company, having good profit and operating performance.	Continuous development	None
PChome Data Technology Co., Ltd.	Strategic investment related to electronic information supply services	New company, not yet profitable	The scale of operation has yet to be improved	None
Ruten Japan KK	Strategic investment associated with internet	Magnitude of loss is diminishing	Continue to expand business	None
PChome InterPay Inc.	Strategic investment associated with internet	In line with the Company's business strategies, not yet profitable	According to the operating needs, adjust the strategy and improve the profitability.	None
Yun Tung Bao International Co., Ltd.	Strategic investment associated with internet	Magnitude of loss is diminishing	According to the operating needs, adjust the strategy and improve the profitability.	None
PChome Japan KK	Strategic investment associated with internet	Magnitude of loss is diminishing	According to the operating needs, adjust the strategy	None

Item (Note 1)	Reinvestment Policy	Main Reason for Profits or Losses	Improvement Plan	Investment Plan for the Coming Year (Note 2)
			and improve the profitability.	
PChome eBay Co., Ltd.	Strategic investment associated with internet	Perform well in terms of profitability and operation	Continuous development	None
ECOSMOS PTE.LTD.	Strategic investment related to electronic information supply services	New company, not yet profitable	The scale of operation has yet to be improved	None
PCHOME CBS Co., Ltd.	Strategic investment in e-commerce cross- border service	Perform well in terms of profitability and operation	Continuous development	None
PCHOME CB PTE. LTD.	Strategic investment associated with internet	Attributed to recognition of profit or loss from investment in investees	The re-invested company turned losses into profits.	None
Bibian Co., Ltd.	Strategic investment associated with internet	Turned losses into profits for this year.	Continuous development	None
e-Insure Insurance Broker Inc.	Strategic Investments related insurance brokerage	Newly-invested company, not yet profitable	According to the operating needs, adjust the strategy and improve the profitability	None
PChome Travel Inc.	Strategic investment associated with internet	Newly-invested company, not yet profitable	According to the operating needs, adjust the strategy and improve the profitability	None
21st Century Technology Co., Ltd.	Strategic investment in FinTech services	New company, not yet profitable	The scale of operation has yet to be improved	None

Note 1: This table contains only investees with actual operations. Holding companies are not included.

Note 2: It includes direct and indirect investments.

The Company's investment gain and loss is detailed in the Independent Auditors' Report. Future investments will continue to focus on long-term investments which can enhance the Company's core business and internet-related industries.

## **VI.Risk Analysis and Assessment in the Most Recent Year up to the Date of Publication of This Annual Report**

(I)Impact of changes in interest rates, foreign exchange rates, and inflation on the Company's profits or losses and future response measures

1.Changes in interest rates

(1)Impact on the Company's profit or loss

The Company is in a sound financial condition with sufficient equity fund. In recent years, the interest expense is NT\$54,843 thousand, which accounts for a low percentage of annual operating income. Thus, interest rate changes shall not have a significant impact on the Company's profit or loss.

(2)Future response measures

With a growing business scale, enhanced profitability, sufficient equity funds, and good and close relationship with financial institutions, the Company has a sound financial structure, good credibility and access to better interest rates. Thus, it is expected that future interest rate changes will not have a significant impact on the Company's overall operation and profit or loss.

2.Changes in foreign exchange rates

(1)Impact on the Company's profit or loss

The Company's business is dominated by domestic sales. The net foreign exchange loss was NT\$1,580 thousand in 2021, which accounted for a very low percentage of annual operating revenue and income. Therefore, it is expected that future exchange rate changes will not have a significant impact on the Company's overall operation and profit or loss.

(2)Future response measures

In response to exchange rate changes, the Company's finance department conducts risk assessment and adopts dynamic natural hedging. Spot and forward foreign exchange transactions are carried out to hedge the remaining risks. The Company maintains a high hedging ratio to minimize its risk exposure.

3.Inflation

(1)Impact on the Company's profit or loss

Inflation was mild in 2021. The Company's operation was not significantly affected by inflation.

(2)Future response measures

In the future, the Company will continue to monitor inflation where cost control and price quotations are concerned, and adjust price quotations when necessary.

(II)Policies on high risk, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives trading, main reasons for the profits or losses generated thereby, and future response measures

The Company does not engage in high risk, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives trading.

The Company's policies for endorsement and guarantee and derivative trading are implemented in accordance with the relevant regulations and countermeasures stipulated in the Company's "Procedures for Lending Funds to Others", "Procedures for Endorsement and Guarantee", and "Procedures for Acquisition or Disposal of Assets". The Company will continue to follow relevant regulations strictly to protect the Company's rights and interests.

(III)Future research and development (R&D) plans and estimated R&D expenses

As an information service provider, we take "adhering to innovation and creating value" as the corporate core spirit, especially focusing on the sales and operation in the e-commerce field. We believe that only by using network technology and application innovation can we continuously create more value, benefits and innovative use experience for our network users. This is why innovation in information services is a competitive niche for the Company. All of our departments are able to create, manage and access the operational information

involved in our workflow, with which they further provide optimized services.

Among them, the Product Service and Technology Development Department not only closely observes the global consumer trends and consumer demands in Taiwan, but actively incorporates new products and services into its operation model, implements R&D project management and execution progress, and effectively monitors and controls R&D progress to shorten the R&D time. In order to strengthen the R&D team, the Company continuously reviews the effectiveness of project implementation annually and formulates efficient training to improve the overall competence of the team, so that new product and service development has become the crucial factor in enhancing customer satisfaction and operation of the Company. The Company continues to innovate and improve its internal operating process. It streamlines its operating process by cutting down unnecessary manual operations and increasing automated operations. Also, it expects to analyze and predict possible consumer consumption patterns using the sales big data in order to significantly improve the customer service quality, and thereby enhance the Company's competitiveness. The Company will propose all sorts of projects in its future R&D plans according to its requirements. Those projects are planned based on the Company's operating goals and medium- and long-term business plans, in the hope of becoming the benchmark of the best integrated network service provider and thereby enhancing the overall competitiveness of the industry. The major new products, technologies and system services planned to be developed are as follows:

Project Title	Project Content
Chunghwa Post Logistics Park (A7)	In 2007, PChome 24h Shopping pioneered a same-day delivery zone to promote the rapid growth of Taiwan's e-commerce and logistics industry. In order to master more comprehensive services, we also set up our own logistics fleet to control the delivery speed and quality. By actively building an intellectualized international e-commerce logistic park, the Company improves its all-round logistics layout in increasing the storage area by 50%, extensively using AI in combination with logistics, and utilizing automation technology to reduce manpower and accelerate the order picking speed. Upon the opening of said logistic park, it is expected that the parcel processing capacity will be increased by more than 1 times, and the transportation capacity 2 times.
Intellectualized Logistics Warehouse Management Automation System	PChome is the first to develop and introduce an intelligent warehouse management system that utilizes powerful intelligent scheduling technology, high efficiency intelligent automatic warehousing technology, precise warehousing control, big data prediction and sales recommendation, so as to improve customers' high-value service. The Company has also developed the AI intelligent product fair snatching technology to return a fair trading environment to our consumers, thereby effectively protecting their shopping rights, enhancing their shopping experience, and improving their trust and loyalty to the e-commerce platform.
PChome "Loan" Digital Finance Ecosystem	Having developed PChome Loan on the information flow of PChome 24h Shopping website, the Company partnered with many

Project Title	Project Content
	financial institutions, including commercial banks and P2P platforms, to establish a customized supplier evaluation model and credit rating analysis. PChome Loan simplifies the process of providing information to financial institutions for review, helps suppliers improve their chances of obtaining loans by using the Company's e-commerce operation information, and strengthens financial institutions' "risk control" with our e-commerce big data. It therefore creates a win-win-win situation for PChome, suppliers and financial institutions.

(IV)Effect of changes in policies and regulations at home and abroad on the Company's financial operations and response measures

The Company executes each business operation in compliance with the laws and regulations of the competent authority. In the most recent year up to the date of publication of this annual report, the Company's financial operations were not affected by changes in policies and regulations at home and abroad.

(V)Impacts of technological changes (including cyber security risks) and industry changes on the Company's financial operations and measures to address them

The Company has always valued the enhancement of its R&D capabilities and has been taking proactive steps in the development of new products and businesses. Guided by improving advanced technologies, the Company has not only persistently increased its R&D investments and also maintained steady and flexible financial management to meet the challenges brought on the technology changes and customers' demand.

1.In line with Group's overall development strategy and development trends of domestic e-commerce retail market, the major development of PChome 24h Shopping in 2021 are as follows:

(1)Domestic e-commerce retail market

Since 2020, the epidemic has changed the lives and business behavior of the general public, and consumers have gradually become accustomed to shopping online. According to a survey by the Census and Statistics Department of the Ministry of Economic Affairs, online sales in the country's retail sector accelerated due to the epidemic, reaching \$430.3 billion in 2021, an annual increase of 24.5%, and rising to 10.8% of the overall retail sector, an increase of 3.3% compared to 2019 before the epidemic, with online sales continuing to climb as a share of overall retail turnover. In addition, the Generation Z customers will be the main force of new consumption in the future, and also the digital native generation familiar with technology and social media.

According to a survey conducted by the Institute for Information Industry, nearly 50% of Generation Z users use smart phones anytime and anywhere, and most of their lives and social interactions take place online, and more than 70% of digital payments come from online shopping. PChome 24h Shopping is an integrated B2C e-commerce shopping platform. In terms of commodities, it persistently introduces the official flagship stores of international first-line brands to meet the needs of customers in all aspects and promote brand alliances to create market differentiation. As the epidemic hit major industries last year, PChome 24h Shopping partnered with Small and Medium Enterprise Administration of the Ministry of Economic Affairs to jointly

promote the "Buying Power Firm," fostering marketing, payment flow, logistics and other platform resources to support Taiwan's high-quality social brands. PChome 24h Shopping also joined hands with domestic agricultural start-ups to establish a "fresh produce zone" and assist brands in developing products. The "PChomeX Home Gallery" service, acting as a multi-functional manufacturer, distributor and supplier, creates "empowerment" and "re-engineering" value for commodities, assists small and medium-sized stores in the digital transformation, and coexists and thrives with local operators.

In terms of payment flow, there has been a trend of "Buy Now Pay Later (BNPL)" consumption at home and abroad in the past two years. Compared with the use of traditional credit cards, Generation Z and millennials prefer to use installment payment to pay for goods with high unit price and long service life. In view of that, PChome 24h Shopping persistently optimizes its payment flow services. In addition to providing diversified existing payment methods such as LINE Pay, Apple Pay, Google Pay, Samsung Pay, Pi Wallet, JKOPay and AFTEE, In 2021, the "GoGo Pay," an installment payment service from the 21st Century Technology Co., Ltd. was introduced to expand the payment application field and actively develop a new generation of e-commerce shopping services.

## (2) Overseas cross-border e-commerce market

Driven by the epidemic, the global e-commerce market has witnessed a rapid increase in sales, and the scale is expected to persistently grow. According to the report of Euromonitor, the annual growth rate of global e-commerce in 2020 reached 26.94%. eMarketer also predicts that e-commerce sales will continue to grow in double digits by 2023, and the proportion of total global retail sales will continue to increase. In 2023, global e-commerce sales will reach US\$ 6.169 trillions, accounting for 22.3% of total retail sales.

The Group is actively laying out its cross-border e-commerce market and developing its overseas e-commerce footprint.

In 2021, Bibian, a subsidiary of the Group, and SGH Global Japan, a subsidiary of SG Holdings, jointly signed a memorandum of cooperation (MOU) to build a more convenient shopping model through the e-commerce and logistics advantages of the two groups in Taiwan and Japan, and have successively formed alliances with a number of well-known Japanese platform operators to provide consumers with more convenient cross-border shopping services that are not subject to geographical restrictions.

PChome SEA, the Group's cross-border e-commerce service for Southeast Asia, is currently working with iconic e-commerce platforms respectively in Thailand, Vietnam, Singapore, Malaysia and Indonesia to build a sales channel, offering more than 500,000 Taiwanese products for local consumers in Southeast Asia, and making it the largest online shopping mall for Taiwanese products in Southeast Asia. In the face of the post-epidemic era, expanding the benefits and business scope of the cross-border ecosystem will be one of the important strategies for the Group to persistently layout its overseas markets.

## (3) FinTech

The epidemic has accelerated the penetration of digital financial services into everyday life. According to the 2021 Mobile Payments Consumer Survey released by the Institute for Information Industry, consumers' preference for mobile payments has increased significantly, from 37% in 2020 to 50%. In addition, the frequent usage of mobile payments in 2021 approached 70% (69%) for the first time, catching up with the first place of physical cards (74%) and cash (71%),

and becoming the sole one of the four payment instruments to grow persistently in consecutive three years. The gap between the the frequent usage of mobile payments and that of physical cards shrinks from 26% in 2019 to 5% in 2021, reflecting that the epidemic has accelerated consumers' habit of using zero-contact payments, and the frequent usage of mobile payments will have the opportunity to surpass cash payments in the future.

In 2021, PChome Group introduced strategic investors —China Development Financial Holding Group, Chunghwa Telecom Group and the management team of 21st Century Digital Co., Ltd.— to participate in the subscription of its private placement of ordinary shares, leveraging the strategic investors' experience and resources in the development of financial services, big data and artificial intelligence technology to drive the development of digital fintech with data as the core.

The Group also continued its strategic investment in fintech by acting as an investor in strategic leadership to jointly participate in a strategic round of fundraising of the “Mdata Group” with the CTBC Venture Capital. Said investment will boost the deployment and connection of the PChome ecosystem in the digital financial scenarios.

Pi Wallet, a subsidiary of the Group, then accelerated the expansion of the payment field and cross-border cooperation to enhance diversified application scenarios such as coffee delivery, invoice recording, contact-less takeout delivery, payments and other additive services.

## 2. Technical level and research and development

Having been deeply engaged in the field of e-commerce industry for many years, PChome has a sound R&D team. The R&D and design of all innovative programs are developed by the Company's technical department and designed by in-house engineers. The R&D team receives regular training to improve the overall professional quality in order to respond to the rapidly changing e-commerce market and make the most forward-looking services and products. The R&D achievements concentrate on online shopping process systems in connection with Internet services, front-end systems for Internet services, and back-end administrative systems. In contrast to other domestic websites who purchase most of the software systems required from overseas vendors or obtain their licenses, the Company's engineers develop most of our Internet service-related systems, including the integration of supplier development and management, product information management, payment flow/logistics and customer service, logistics and warehousing systems, big data applications and customer cross-selling, etc. Most of the required operating systems and user interfaces are developed and designed by internal engineers. In order to integrate the ecommerce industry chain and take a step further to establish an ecosystem, the Group has recently been actively integrating various service advantages, deeply applying big data, artificial intelligence and the Internet of Things and other forward-looking technologies, focusing on service innovation, creating cross-domain integrated services, enhancing the Group's operation performance. Some of the systems among the R&D projects have obtained patents or are in the process of submitting patent applications.

## 3. Cyber Security Risk Assessment Analysis

The Company has established a complete network and computer security protection system to control or maintain the important corporate functions, such as the operation, database security management, and financial and accounting aspects of the Company. However, there can be no assurance that its computer system can completely avoid the third-party cyberattacks that might paralyze the system. These cyberattacks breach into the Company's internal network systems, and carry out activities that damage the Company's operations and goodwill. The Company's systems



may lose important information in the event of serious cyberattacks, and the database may be suspended indefinitely while problems caused by the attacks remain unsolved. Cyberattacks may also try to steal confidential information such as the Company's trade secrets and consumers' personal information. Malicious hackers can also try to import computer viruses, destructive software or ransomware into the Company's network system to disrupt the Company's operations, demand ransom payments for Company to regain control over its own computer system, or to pry into confidential information. These attacks may cause the Company to compensate customers for delays or interruptions during shopping, to bear an enormous amount of expenses associated with remedy and improvement measures in strengthening the Company's internet security systems, or to bear significant legal responsibilities for becoming involved with litigation or regulatory investigations concerning the breaching the confidentiality obligation towards customers or the third-party information.

**Response measures:**

- 1.The Company reviews and evaluates its network safety rules and procedures annually to ensure their adequacy and effectiveness.
- 2.Annual reporting and e-mail social engineering drills.
- 3.Regularly organize information security audits every year for continuous improvement and to reduce information security risks.
- 4.Expand information security functions and educational training, and cultivate the required information security talents.
- 5.Proactively identify weakness in the website system through attack and defense drills and mend the weakness in a timely manner.

In 2021 up to the date of publication of this annual report, the Company did not find any significant cyberattacks or events that have or may have a material adverse impact on the business and operations of the Company nor is there any litigation or regulatory investigation that involved the Company.

(VI)The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None.

(VII)Expected benefits from merger and acquisition, and possible risks

The Company had neither mergers nor acquisitions in the most recent year up to the date of publication of this annual report. Therefore, this is not applicable.

(VIII)The expected benefits and potential risks of any plant expansion: This is not applicable as the Company is not in the manufacturing industry.

(IX)Risks of concentrated sources of sales or purchases: The Company does not have concentrated sources of sales or purchases.

(X)Impact and risks relating to major equity transfer or exchange events involving Directors, Supervisors, or major shareholders holding more than 10% of the Company's shares

The Company had no major equity transfer involving Directors, Supervisors, or major shareholders holding more than 10% of the Company's shares in the most recent year up to the date of publication of this annual report.

(XI)Impact and risks relating to changes in ownership

The circumstance did not occur in the most recent year up to the date of publication of this annual

report.

(XII) For litigations or non-litigations which involve the Company, Directors, Supervisors, General Manager, de facto person in charge, major shareholders holding more than 10% of the Company's shares and affiliates, the litigation, non-litigious proceeding, or administrative dispute shall be disclosed. If the outcome might have significant impacts on the interests of shareholders or share prices, the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case up to the date of publication of this annual report shall be disclosed.

The aforementioned circumstance did not occur in the most recent year up to the date of publication of this annual report.

(XIII) Other significant risks and response measures

#### 1. Risk management policy

The Company's risk management policies focus on building a risk management mechanism which encompasses early detection, accurate measurement, effective monitoring and tight control, structuring an integrated risk management system, and promoting a management model oriented towards adequate risk management. The objective is to contain risks to an acceptable range in hope to optimize shareholders' value.

#### 2. Risk management framework

The Company classifies its risks into three aspects: management, safety and health, and information security. The Company's risk management and risk response organization are structured based on these aspects. The General Manager is the chief coordinator, who is in charge of promoting and executing risk management plans. Business units are competent units in charge of managing and responding to each risk.

Administrative units:		The allocation and response to human resources, evaluation of financial risks, implementation of various insurance operations, maintenance of system operation, establishment and maintenance of environmental safety and health, the review and establishment of the regulations, and media relations and public relations.
General Office:	Manager's	Responsible for planning business decisions and assessing the effectiveness of medium and long-term investments to reduce the strategic risks.
Internal Office:	Auditing	Responsible for revising and promoting internal control system so as to strengthen the internal control functions and to ensure its continued effectiveness.
Legal units:		Responsible for legal risk management, including the review, drafting, negotiation and management of contracts, the Company's legal compliance and legality assessment of decisions, and management of intellectual property, litigations, and non-litigations, so as to reduce legal risk.
Financial units:		Responsible for the fund management and utilization and establishing hedging mechanisms to reduce financial risks; complying with relevant laws and regulations to ensure the reliability of financial reporting so as to reduce accounting risks.
Information technology units:	services	To maintain and manage systems, network, computers, hosts and related peripherals; integrate, utilize and develop automated systems and software to reduce network and information security risks.

Marketing units:	Responsible for formulating product and market promotion strategies and grasping market trends to reduce market risks.
Business units:	Responsible for carrying out the Company's annual business goals and execution plans, providing customers with shipment, collections, customer complaints and return services, and establishing customers' credit line in order to reduce business risks.

## VII. Other Significant Matters

### (I) Evaluation basis and ground for balance sheet valuation accounts

Balance Sheet Valuation Account	Evaluation Basis
Allowance for bad debts	<p>Notes and accounts receivables are claims arising from the sales of goods or services, whereas other receivables are receivables and notes arising from non-operation activities.</p> <p>For financial assets, the Company first assesses whether there is objective evidence indicating that individually significant financial assets carried at amortized cost is impaired or ones that are not individually significant are either individually or collectively impaired. Financial assets that are assessed individually for impairment with impairment losses recognized or continued to be recognized need not be included in a collective assessment of impairment.</p> <p>Impairment loss is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of financial assets is reduced through the use of an allowance account and the amount of impairment loss is recognized in profit or loss in the period it arises. In determining the impairment amount, the estimation of expected future cash flows includes the recoverable amount of collateral and related insurance.</p> <p>If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss may be reversed. However, the reversal is limited so that the carrying amount of the financial asset does not exceed the amortized cost that would have been determined, had no impairment loss been recognized for the financial assets previously. The amount of reversal shall be recognized in profit or loss in the period it arises.</p> <p>Allowance for bad debts is recognized for notes and accounts receivables prior to 2021 (inclusive) according to these receivables' recoverability.</p>
Allowance for inventory valuation and	<p>The original cost of inventories is the estimated costs to be incurred to make inventories reach their selling condition and location. In subsequent periods, inventories are valued at the lower of cost or net realizable value item by item. Cost is calculated using the weighted</p>

Balance Sheet Valuation Account	Evaluation Basis
obsolescence loss	average method and net realizable value is the estimated selling price in the ordinary course of business, less the costs and selling costs to be incurred in bringing the inventories to their selling conditions, on the balance sheet date. For inventories that are obsolete, outdated, or unable to use, allowance for inventory valuation and obsolescence loss is recognized based on their usable or residual value.

## (II) The Company's objectives and methods for adopting hedge accounting

The Company adopts overall risk management and control system to identify all the risks (including market risk, credit risk, liquidity risk, and cash flow risk), which allows the management level to effectively control and measure market risk, credit risk, liquidity risk, and cash flow risk.

The Company's market risk management objectives are to achieve the optimal risk position, maintain adequate liquidity, and pursue centralized management of all market risks with proper consideration on economic environment, competitions, and market value risk. In order to achieve the risk management objectives, the Company's hedging activities center on market value risk and cash flow risk.

## (III) Key Performance Indicator (KPI)

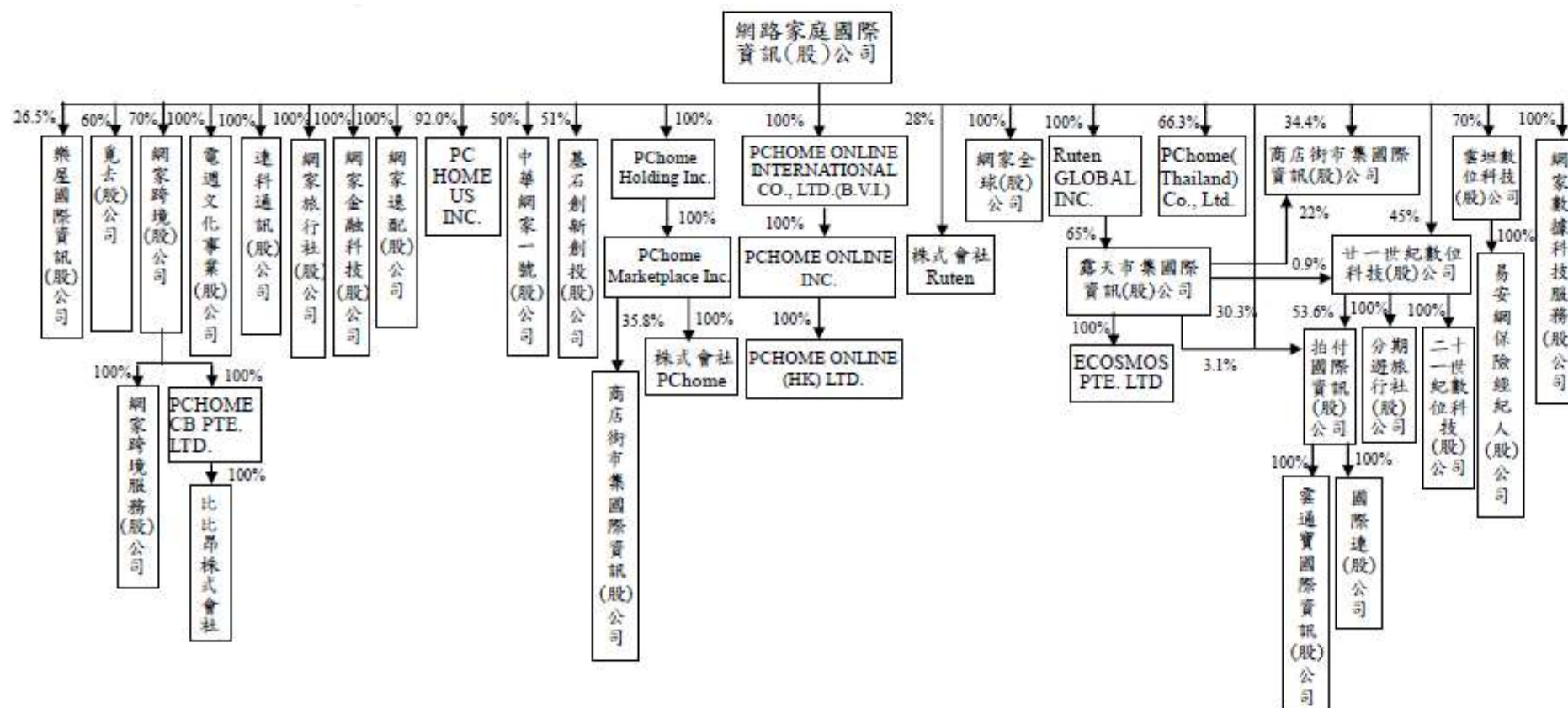
Besides regularly reviewing the performance indicators of financial analysis, ROE and net margin are the Company's industry-specific KPIs. 2021 KPIs and annual achievement rates are: Parent company only ROE 2.01% and consolidated ROE 1.06%; parent company only net margin 0.21% and consolidated net margin 0.13%.

## Chapter 8 Special Disclosure

### I. Affiliated Companies

(I) Consolidated operation report of affiliates

1. Organizational structure of affiliates



## 2. Basic information of affiliates

2021.12.31; Unit: Unit: NT\$ thousands, Foreign currency

Company	Date of Establishment	Address	Paid-in Capital	Primary Business or Products
IT Home Publications Inc.	2001/09/26	12th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	50,148	Publication of magazines and books
Linktel Inc.	2004/10/19	12th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	68,316	Type 2 telecommunications enterprise, etc.
PCHOME ONLINE INTERNATIONAL CO., LTD.(B.V.I.)	2000/05/08	Grove Hose,P.O.BOX438,Road Town,Tortola,British Virgin Islands	USD122,328	Investment business
Rakuya International Info. Co., Ltd.	2008/04/24	12th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	114,646	Real estate business, and online rental information service
PCHomestore Inc.	2010/05/27	14th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	536,760	Internet services
PCHOME US INC.	2011/05/12	11501 Dublin Blvd Ste 200, Dublin CA 94568	USD4,650,000	E-commerce trading platform
Pi Mobile Technology Inc.	2015/01/29	12th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	426,581	Online money flow services
PChome (Thailand) Co., Ltd.	2015/01/26	No,191/54,191/57,18th Floor,CTI Tower, Ratchdapisek Road, Klongtoey, Klongtoey, Bangkok 10110	THB200,000,000	E-commerce trading platform and online payment flow services
PChome Travel Inc.	2015/05/05	13th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	36,000	Online tourism business
PChome Financial Technology Inc.	2016/10/18	12th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	10,000	Information services
PChome InterPay Inc.	2009/11/09	6th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	501,000	Electronic payment institution
Yun Tung Bao International Co., Ltd.	2015/10/22	12th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	3,000	Online money flow services
PChome Express Inc.	2018/10/18	11th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	200,000	Logistics services
PCHOME ONLINE INC. (Cayman)	2001/01/04	P. O. Box 2428 Flagship Building, Suite 401, 70 Harbour Drive,George Town, Grand Cayman,KY1-1105	USD100,000	Investment business

Company	Date of Establishment	Address	Paid-in Capital	Primary Business or Products
		Cayman Islands.		
PCHOME ONLINE (HK) LIMITED	2000/05/29	25/F.,OTB BUILDING,160 GLOUCESTER ROAD, WANCHAI,HK	HKD5,641,239	Investment business
PChome Holding Inc. (B.V.I.)	2018/03/13	Vistra Corporate Services Centre,Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands	USD33,568,084.6	Investment business
PChome Marketplace Inc. (Cayman)	2018/03/23	P. 0. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 - 1205 Cayman Islands.	USD19,167.5	E-commerce for international trade
PChome Japan KK	2013/05/15	5F Daiwa Azabu Terrace, 3-20-1 Minami-Azabu, Minato-ku, Tokyo	JPY75,000,000	E-commerce for international trade
Ruten Japan KK	2015/08/12	Room 808, Osaka Kokusai Building 8F, 2-3-13 Azuchimachi, Chuo-ku, Osaka City, Osaka	JPY388,174,629	E-commerce for international trade
RUTEN GLOBAL INC. (Cayman)	2011/04/11	P. 0. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 - 1205 Cayman Islands.	USD266,063,307	Investment business
EC Global Limited	2011/05/18	UNIT 1405-1406 DOMINION CENTRE 43-59 QUEEN'S ROAD EAST WANCHAI HK	USD749,464.17	Investment business
PChome eBay Co., Ltd.	2006/08/10	5th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	420,000	Provision of electronic information
Chunghwa PChome Fund 1 Co., Ltd.	2018/10/23	24th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	400,000	Venture capital
Keystone Innovation Venture Capital Co., Ltd.	2018/10/30	24th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	10,000	Venture capital
MiTCH Co., Ltd.	2019/10/03	24th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	270,000	Provision of electronic information
PCHOME CBS Co., Ltd.	2019/06/10	12th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	200,000	Provision of electronic information
PCHOME CBS Co., Ltd.	2016/08/24	6F., No. 209, Sec. 1, Fuxing S. Rd., Da'an District, Taipei City	29,000	Provision of electronic information
PCHOME CB PTE. LTD.	2019/07/25	21 SHAMAH TERRACE SINGAPORE (597573)	USD190,000	Internet services
Bibian Co., Ltd.	2019/01/24	5-1-12 KOWA Building, 4th floor, Shiba, Minato-ku, Tokyo, Japan	JPY180,000,000	E-commerce cross-border services

Company	Date of Establishment	Address	Paid-in Capital	Primary Business or Products
ECOSMOS PTE. LTD	2020/11/13	135 Cecil Street #10-01 Singapore 069536	USD330,000	Provision of electronic information
21st Century Technology Co., Ltd.	2015.10.13	2F-2, No. 163, Section 1, Keelung Road, Xinyi District, Taipei City, Taiwan	449,228	Online money flow services
UNIGEN ENGINEERING CO., LTD.	2018/10/29	15th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	18,023	Provision of electronic information
e-Insure Insurance Broker Inc.	2002/11/20	15th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	45,000	Insurance business
PChome Data Technology Co., Ltd.	2021/11/18	12th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	5,000	Provision of electronic information
PChome Travel Inc.	2019/10/09	10th Floor, No. 163, Section 1, Keelung Road, Xinyi District, Taipei City 110058, Taiwan (R.O.C.)	6,000	Travel services
21st Century Technology Co., Ltd.	2021/12/30	5th Floor, No. 163, Section 1, Keelung Road, Xinyi District, Taipei City 110058, Taiwan (R.O.C.)	1,000	Online money flow services



## 3. Information of Directors, Supervisors, and General Managers of the affiliates

2021.12.31; Unit: Share; Foreign currency

Company	Title	Name or Representative	Shareholding (in thousands of shares)	
			Number of Shares/Capital Contribution	Shareholding Percentage
IT Home Publications Inc.	Chairman of the Board Director Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Zu-Hui Gu Representative: Hsin-I Wang	5,015	100%
Linktel Inc.	Chairman of the Board Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Bruce Chou	6,832	100%
PCHOME ONLINE INTERNATIONAL CO., LTD.(B.V.I.)	Director Director Director	PChome Online Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Shi-Hong Li	122	100%
Rakuya International Info. Co., Ltd.	Chairman of the Board	Chinatrust Real Estate Co., Ltd. Representative: Cheng-Chuan Cheng-Yu	1,681	14.7%
	Director	PChome Online Inc. Representative: Hung-Tze Jan	3,035	26.5%
	Director	Representative: Kevin Tsai		
	Director	Sinyi Realty Inc. Representative: Shou-Jen Su	2,581	22.5%
	Director	Representative: Chih-Huan Chen		
	Director	Pacific Realtor Century 21 Representative: Wei-Jie Wang	782 667	6.8% 5.8%
	Director	H&B Business Representative: Hsi-Tsong Chen	2,449	21.4%
	Supervisor	Representative: Li-Ling Yin		
	Supervisor	Hsiao-Chen Wu		
	Supervisor	Shih-Zong Chang Wen-Hsiung Cai	0 0 0	0 0 0
PCHomestore Inc.	Chairman of the Board	PChome Online Inc. Representative: Hung-Tze Jan	18,435	34.35%
	Director	Representative: Vicky Tseng		
	Director	Representative: Kevin Tsai		
	Director	Representative: Shu-Lin Huang		
	Director	Representative: Cheng-Ching Wei		
	Director	ITOCHU Corporation Representative: Yuuki Horiuchi	1,380	2.57%
	Director	PChome eBay Co., Ltd. Representative: Ying-Hsuan Chao	11,896 0	22.16% 0
Supervisor	Ming Fang	0	0	
Supervisor	Yu-Yun Tu			

Company	Title	Name or Representative	Shareholding (in thousands of shares)	
			Number of Shares/Capital Contribution	Shareholding Percentage
PCHOME US INC.	Chairman of the Board Director Director	PChome Online Inc. Hung-Tze Jan Kevin Tsai (also the CEO) Ying-Hsuan Chao (also the COO)	45,800	92.0%
Pi Mobile Technology Inc.	Chairman of the Board Director Director Director Supervisor	21st Century Technology Co., Ltd. Representative: Kevin Tsai Representative: Kun-Ju Han Representative: Bruce Chou Representative: Houyu Zhou Representative: Ryan Kuo Leo Lu	21,555      6	50.5%      0.01%
PChome (Thailand) Co., Ltd.	Chairman of the Board Director Director Director Director	PChome Online Inc. Hung-Tze Jan Kevin Tsai Wen-Hsiung Cai Chen Wei-Chih VIPADA UADULYATHAM	13,250	66.25%
PChome Travel Inc.	Chairman of the Board Director Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Vicky Tseng Representative: Kevin Tsai Representative: Leo Lu	3,600	100%
PChome Financial Technology Inc.	Chairman of the Board Director Director Director Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Kun-Ju Han Representative: Vicky Tseng Representative: Chih-Rong Hu Representative: Leo Lu	1,000	100%
PChome Holding Inc.(B.V.I.)	Director	PChome Online Inc. Representative: Hung-Tze Jan	335,681	100%
PChome Marketplace Inc. (Cayman)	Director  CEO	PChome Holding Inc.(B.V.I.) Representative: Hung-Tze Jan Kevin Tsai	38,335	100%
PChome InterPay Inc.	Chairman of the Board Director Director Supervisor	Pi Mobile Technology Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Bruce Chou Representative: Leo Lu	50,100	100%
Yun Tung Bao International Co., Ltd.	Chairman of the Board Director Director Supervisor	Pi Mobile Technology Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Kun-Ju Han Representative: Leo Lu	300	100%
PChome Express Inc.	Chairman of the Board Director Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Hsiang-Rui Chong Representative: Leo Lu	20,000	100%

Company	Title	Name or Representative	Shareholding (in thousands of shares)	
			Number of Shares/Capital Contribution	Shareholding Percentage
PCHOME ONLINE INC. (Cayman)	Director Director	PCHOME ONLINE INTERNATIONAL CO., LTD. Representative: Hung-Tze Jan Representative: Kevin Tsai	10,000	100%
PC HOME ONLINE (HK) LTD.	Director	PCHOME ONLINE INC. (Cayman) Representative: Hung-Tze Jan	5,641	100%
PChome Japan KK	Representative Director Director	PChome Marketplace Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai	43,500	100%
Ruten Japan KK	Representative Director Director Director	PChome Online Inc. Lin-Hung Li Hung-Tze Jan Yun Su	34,045	28%
RUTEN GLOBAL INC. (Cayman)	Director Director Director	PChome Online Inc. Representative: Hung-Tze Jan Representative: Vicky Tseng Representative: Bi-Chu Liang	266,063	100%
EC Global Limited	Director	PChome Online Inc. Representative: Hung-Tze Jan	7,495	100%
PChome eBay Co., Ltd.	Chairman of the Board Director  Director Director Director Supervisor Supervisor	RUTEN GLOBAL INC. Hung-Tze Jan Vicky Tseng eBay Marketplaces GmbH Representative: Joo Man Park Representative: Yi-Chang Lin Kun-Ju Han Bruce Chou James Junghwan Moon	27,300 0 0 14,700  0 0 0	65% 0% 0% 35%  0% 0% 0%
Chunghwa PChome Fund I Co., Ltd.	Chairman of the Board Director Director  Director Director Supervisor Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Vicky Tseng Chunghwa Telecom Co., Ltd. Representative: Kun-Rong Wu Representative: Yi-Chiao Guo Jing-Mei Lu Zhicheng Huang	20,000   20,000  0 0	50%   50%  0% 0%
Keystone Innovation Venture Capital Co., Ltd.	Chairman of the Board Director Director  Director Director Supervisor Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Vicky Tseng Chunghwa Telecom Co., Ltd. Representative: Shui-I Kuo Representative: Yuan-Kai Chen Jing-Mei Lu Li-Chia Kuo	510,000   490,000  0 0	51%   49%  0% 0%
Mitch Co., Ltd.		PChome Online Inc.	16,200	60%

Company	Title	Name or Representative	Shareholding (in thousands of shares)	
			Number of Shares/Capital Contribution	Shareholding Percentage
	Chairman of the Board Director Director  Director Director Supervisor Supervisor	Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Greena Lin MITSUI & CO., LTD. Representative: Satoshi Imai Representative: Chia-I Lin Kun-Ju Han Jianxun Huang	10,800   0 0	40%   0 0
PCHOME CBS Co., Ltd.	Chairman of the Board Director Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Wei-Lin Lo Kun-Ju Han	14,000   0	70%   0
PCHOME CBS Co., Ltd.	Chairman of the Board Director Director Supervisor	PCHOME CBS Co., Ltd. Representative: Wei-Lin Lo Representative: Hung-Tze Jan Representative: Representative: Chin-Lien Lu Leo Lu	2,900   0	100%   0
PCHOME CB PTE. LTD.	Chairman of the Board Director Director	PCHOME CBS Co., Ltd. Representative: Wei-Lin Lo Representative: Hung-Tze Jan Representative: Kuang-Hao Chih	190	100%
Bibian Co., Ltd.	Representative Director Representative Director	PCHOME CB PTE. LTD. Wei-Lin Lo Hung-Tze Jan	3.6	100%
ECOSMOS PTE. LTD	Chairman of the Board Director Director	PChome eBay Co., Ltd. Representative: Hung-Tze Jan Representative: Vicky Tseng (Acts also as the CEO) Lin Han Yeong	3,300	100%
21st Century Technology Co., Ltd.	Chairman of the Board Director Director  Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Kun-Ju Han China Development Venture Capital Co., Ltd. Representative: Ryan Kuo Ming-Yu Enterprise Co., Ltd. Representative: Houyu Zhou Leo Lu	20,143   4,954 2,866 0	45%   11% 6% 0
UNIGEN ENGINEERING CO., LTD.	Chairman of the Board Director Director	PChome Online Inc. Representative: Kevin Tsai Representative: Kun-Ju Han Xinli Wang	1,262  196	70%  11%

Company	Title	Name or Representative	Shareholding (in thousands of shares)	
			Number of Shares/Capital Contribution	Shareholding Percentage
	Supervisor	Natalie Su	50	3%
e-Insure Insurance Broker Inc.	Chairman of the Board	UNIGEN ENGINEERING CO., LTD. Representative: Xinli Wang	4,500	100%
PChome Data Technology Co., Ltd.	Chairman of the Board Director Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Kevin Tsai Representative: Kun-Ju Han Representative: Bruce Chou	500	100%
PChome Travel Inc.	Chairman of the Board Supervisor	21st Century Technology Co., Ltd. Representative: Iming Chou Representative: Jiebo Zhuang	600	100%
21st Century Technology Co., Ltd.	Chairman of the Board	21st Century Technology Co., Ltd. Representative: Iming Chou	100	100%

#### 4.Operational highlights of affiliates

Refer to the disclosure on the Company's investees in the notes to financial statements.

#### (II)Consolidated financial statements of affiliates

The entities that are required to be included in the combined financial statements of PChome Online Inc. for the year of 2021 (from January 1, 2021 to December 30, 2021) under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated 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 subsidiaries do not prepare a separate set of combined financial statements.

#### (III)Reports on Affiliations: Not applicable.

## II.Private Placement Securities in the Most Recent Fiscal Year up to the Publication Date of This Annual Report:

Item	First private placement in 2021 (Note 1) Issue Date 2021.9.17				
Categories of privately placed securities (Note 2)	Common stock				
Date and amount approved at shareholders' meeting (Note 3)	On July 29, 2021, the Company's shareholders' meeting approved a one-time cash capital increase for private placement of common stock within the 21,000 thousand share quota. 9,376,463 shares are issued for the fundraising at this time.				
The basis and rationale for the setting of the price.	<p>The private placement of common stock at this time is priced by choosing the higher of the following two calculations:</p> <p>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.</p> <p>b. The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction. Since the actual private placement of common stock is intended to be priced at no less than 80% of the reference price, and the aforementioned private placement of common stock is priced with reference to the Company's stock price and is in compliance with the requirements of the "Directions for Public Companies Conducting Private Placements of Securities," therefore the pricing should be reasonable.</p>				
The means of selecting the specified persons. (Note 4)	The placee selection is governed by Article 43-6 of the Securities and Exchange Act and related regulations. Those strategic investors who are qualified and able to strengthen the Company's operations to expand the scope of e-commerce operations and enhance the Company's competitiveness in technology, capital or business are the very placees of this private placement.				
The reasons necessitating the private placement.	In consideration of the capital market conditions, timeliness, feasibility, issuance costs and the introduction of strategic investors for the Company's development, the transfer restriction of private placement of securities can ensure a long-term relationship between the Company and the strategic investors and enhance the stability of the Company's operation, therefore, private placement is used to raise capital.				
Date of the price of the subscription has been paid up in full	2021/10/1				
	Placees of	Qualification	Subscription	Relationship	Involvement

	the private placement (Note 5)	requirements (Note 6)	quantities	to the Company	in Company operations
Placees' information	Chunghwa Investment Co., Ltd.	Article 43-6, Paragraph 1, Subparagraph 2 of the Securities and Exchange Act	1,875,293 shares	None	None
	China Development Venture Capital Co., Ltd.	Article 43-6, Paragraph 1, Subparagraph 2 of the Securities and Exchange Act	1,875,293 shares	None	None
	KGIS Securities	Article 43-6, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act	937,646 shares	None	None
	China Life Insurance Co., Ltd.	Article 43-6, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act	937,646 shares	None	None
	CDIB Advantage Venture Capital Limited Partnership	Article 43-6, Paragraph 1, Subparagraph 2 of the Securities and Exchange Act	937,646 shares	None	None
	Iming Chou	Article 43-6, Paragraph 1, Subparagraph 2 of the Securities and Exchange Act	1,781,528 shares	None	None
	Chen-Xin Limited	Article 43-6, Paragraph 1, Subparagraph 2 of the Securities and Exchange Act	1,031,411 shares	None	None

Actual subscription (or issuance) price (Note 7)	NT\$106.65 per share
Discrepancy between the actual subscription price and the reference price (Note 7)	The actual subscription price of NT\$106.65 per share is 90% of the reference price of NT\$118.5.
Any effect of the private placement on shareholder equity (e.g., causing an increase in cumulative losses)	The private placement of 9,376,463 shares, for a total amount of NT\$1 billion was issued at premium, which resulted in an increase in the Company's capital stock and capital surplus, and a 24% increase in the ratio of shareholders' equity to assets in the fourth quarter of the FY 2021 compared to the third quarter.
Status of utilization of the funds, plan implementation progress	<ol style="list-style-type: none"> <li>1. The funds raised are expected to be used for one or more purposes, such as investing in technology related to e-commerce products, enhancing working capital, improving financial structure and or supporting other capital needs for the Company's long-term development.</li> <li>2. The Company used the private placement funds to fund working capital in the fourth quarter of 2021.</li> </ol>
Realization of plan benefits	The private placement funds are intended to be used for working capital purposes to reduce the amount of borrowings from financial institutions and to reduce the interest burden. Based on the Company's average borrowing rate of approximately 1.3%, it is estimated that the interest expense can be saved by approximately NT\$13,000 thousand per year, which will appropriately reduce the Company's financial burden and enhance its solvency, as well as improve its financial structure, which is beneficial to the Company's overall operational development.

Note 1: The number of columns is subject to adjustment according to the actual number of closings of private placement, and if there are multiple closings of private placement, they shall be specified separately.

Note 2: The privately placed securities to be listed here include common stock, preferred stock, convertible preferred stock, preferred stock with warrants, common stock, convertible bonds, bonds with warrants, overseas convertible bonds, overseas depositary receipts, and employee stock options.

Note 3: Where the private placement of corporate bonds that do not require shareholders' approval, the date and type of approval by the Board of Directors shall be specified .

Note 4: Where the places have already been determined during the private placement conducted underway, the names of the places, and the relationship between the places and the Company, shall be specified.

Note 5: The number of rows and columns shall be adjusted subject to the actual circumstances.

Note 6: Please fill in the persons stipulated in Article 43-6, Paragraph 1, 1, 2 and 3 of the Securities and Exchange Act.

Note 7: The actual subscription (or conversion) price refers to the subscription (or conversion) price set at the time of conducting the actual private placement of securities.



**III.The Company's Shares Held or Disposed of by Subsidiaries in the Most Recent Fiscal Year up to the Publication Date of This Annual Report:** None.

**IV.Other Matters that Require Additional Description**

- 1.The Company's affiliates do not engage in endorsement, guarantee, lending funds to other parties, or derivative trading.
- 2.The Company has no commitments to TPEx yet to be fulfilled.

**V.Events in the Most Recent Fiscal Year up to the Publication Date of This Annual Report that had Significant Impacts on Shareholders' Right or Security Prices as Stated in Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act:** None.



安侯建業聯合會計師事務所  
KPMG

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## Independent Auditors' Report

To the Board of Directors of PChome Online Inc.:

### Opinion

We have audited the financial statements of PChome Online Inc. (“the Company”), which comprise the statement of financial position as of December 31, 2021 and 2020, and the statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2021 and 2020, 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 of December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### 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 Yi-Chun Chen and Shu-Ling Lien.

KPMG

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

#### **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, 2021 and 2020**  
 (Expressed in Thousands of New Taiwan Dollars)

	2021.12.31		2020.12.31		2021.12.31		2020.12.31	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>								
<b>Current Assets:</b>								
1100 Cash and cash equivalents (Note (6)(a))	\$ 4,728,290	28	4,855,311	40	2100			
1172 Accounts and notes receivable, net (Note (6)(c))	464,153	3	409,394	3	2130			
1180 Accounts receivable due from related parties, net (Notes (6)(c))	621,192	4	253,396	2	2170			
1200 Other receivables (Notes (6)(c) and (7))	361,780	2	270,087	2	2200			
1300 Inventories (Note (6)(d))	1,734,160	10	1,774,524	14	2230			
1476 Other current financial assets (Note (8))	170,628	1	60,976	1	2280			
1479 Other current assets, others	150,527	1	106,966	1	2300			
	<u>8,230,730</u>	<u>49</u>	<u>7,730,654</u>	<u>63</u>				
<b>Non-Current Assets:</b>								
1510 Non-current financial assets at fair value through profit or loss (Note (6)(n))	3,999	-	1,500	-	2530			
1517 Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	653,882	4	248,425	2	2541			
1550 Investments accounted for using equity method (Note (6)(e))	4,982,139	29	1,294,335	11	2580			
1600 Property, plant and equipment (Note (6)(h))	780,187	5	389,790	3	2612			
1755 Right-of-use assets (Note (6)(i))	1,961,428	12	2,368,030	19	2670			
1780 Intangible assets (Note (6)(j))	22,427	-	34,120	-				
1840 Deferred tax assets (Note (6)(p))	53,032	-	42,322	-				
1980 Other non-current financial assets (Note (8))	108,498	1	108,081	1				
1990 Other non-current assets, others	60,357	-	87,961	1				
	<u>8,625,949</u>	<u>51</u>	<u>4,574,564</u>	<u>37</u>				
<b>Total assets</b>	<u>\$ 16,856,679</u>	<u>100</u>	<u>12,305,218</u>	<u>100</u>				
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>								
<b>Current Liabilities:</b>								
Short-term borrowings (Note (6)(k))	\$ 200,000	1	-	-				
Current contract liabilities (Note (6)(l))	358,993	2	396,615	4				
Accounts and notes payable	3,795,729	23	3,755,143	31				
Other payables	1,559,532	9	744,231	6				
Current tax liabilities	286,728	2	61,243	-				
Current lease liabilities (Note (6)(o))	397,514	2	436,437	4				
Other current liabilities (Note (6)(l))	71,397	-	95,337	1				
	<u>6,669,893</u>	<u>39</u>	<u>5,489,006</u>	<u>46</u>				
<b>Non-Current liabilities:</b>								
Bonds payable (Note (6)(n))	1,361,536	8	1,470,300	12				
Long-term borrowings (Note (6)(m))	323,100	2	-	-				
Deferred tax liabilities (Note (6)(p))	1,339	-	1,647	-				
Non-current lease liabilities (Note (6)(o))	1,620,103	10	1,980,169	16				
Long-term accounts payable	549,438	3	-	-				
Other non-current liabilities, others	4,540	-	4,450	-				
	<u>3,860,056</u>	<u>23</u>	<u>3,456,566</u>	<u>28</u>				
<b>Total liabilities</b>	<u>10,529,949</u>	<u>62</u>	<u>8,945,572</u>	<u>74</u>				
<b>Equity (Note (6)(q)):</b>								
Share capital:								
Ordinary share	1,274,159	8	1,182,595	9				
Advance receipts for share capital	10,980	-	-	-				
Capital surplus	4,692,857	28	1,938,916	16				
Total retained earnings	243,510	1	302,345	2				
Total other equity interest	182,586	1	(64,210)	(1)				
Treasury shares	(77,362)	-	-	-				
	<u>6,326,730</u>	<u>38</u>	<u>3,359,646</u>	<u>26</u>				
<b>Total equity</b>	<u>\$ 16,856,679</u>	<u>100</u>	<u>12,305,218</u>	<u>100</u>				
<b>Total liabilities and equity</b>	<u>\$ 16,856,679</u>	<u>100</u>	<u>12,305,218</u>	<u>100</u>				

(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, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4111	Sales revenue	\$ 46,880,995	102	42,288,831	101
4170	Less: Sales returns	762,349	2	615,867	1
	<b>Operating revenue, net (Notes (6)(t) and (7))</b>	<u>46,118,646</u>	<u>100</u>	<u>41,672,964</u>	<u>100</u>
5000	<b>Operating costs (Notes (6)(d) and (7))</b>	<u>40,591,421</u>	<u>88</u>	<u>36,656,100</u>	<u>88</u>
	<b>Gross profit from operations</b>	<u>5,527,225</u>	<u>12</u>	<u>5,016,864</u>	<u>12</u>
	<b>Operating expenses:</b>				
6100	Selling expenses	4,234,072	9	3,843,240	9
6200	Administrative expenses	347,290	1	247,866	-
6300	Research and development expenses	349,968	1	335,889	1
6450	Expected credit loss (gain) (Note (6)(c))	481	-	341	-
	<b>Total operating expenses</b>	<u>4,931,811</u>	<u>11</u>	<u>4,427,336</u>	<u>10</u>
	<b>Net operating income</b>	<u>595,414</u>	<u>1</u>	<u>589,528</u>	<u>2</u>
	<b>Non-operating income and expenses (Note (6)(v)):</b>				
7100	Interest income	5,132	-	6,098	-
7010	Other income	37,240	-	58,297	-
7020	Other gains and losses	(4,837)	-	(11,003)	-
7050	Finance costs	(40,555)	-	(42,784)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	(273,246)	(1)	(266,511)	(1)
	<b>Total non-operating income and expenses</b>	<u>(276,266)</u>	<u>(1)</u>	<u>(255,903)</u>	<u>(1)</u>
	<b>Profit from continuing operations before tax</b>	<u>319,148</u>	<u>-</u>	<u>333,625</u>	<u>1</u>
7950	<b>Less: Tax expense (Note (6)(p))</b>	<u>221,706</u>	<u>-</u>	<u>80,831</u>	<u>-</u>
	<b>Profit</b>	<u>97,442</u>	<u>-</u>	<u>252,794</u>	<u>1</u>
	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(2,564)	-	3,188	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	126,085	-	28,086	-
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	(489)	-	4,149	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(p))	513	-	(638)	-
	<b>Items that may not be reclassified subsequently to profit or loss</b>	<u>123,545</u>	<u>-</u>	<u>34,785</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign statements	104,565	-	(92,154)	-
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>	<u>104,565</u>	<u>-</u>	<u>(92,154)</u>	<u>-</u>
	<b>Other comprehensive income, net of tax</b>	<u>228,110</u>	<u>-</u>	<u>(57,369)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 325,552</u>	<u>-</u>	<u>195,425</u>	<u>1</u>
	<b>Earnings per share (Note (6)(s))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	<u>\$ 0.84</u>		<u>2.16</u>	
9850	<b>Diluted earnings per share (NT dollars)</b>	<u>\$ 0.80</u>		<u>1.95</u>	

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

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 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, 2021 and 2020  
 (Expressed in Thousands of New Taiwan Dollars)

	Share capital				Retained Earnings				Other Equity Interest			Total Equity
	Ordinary Capital	Advance receipts for share capital	Capital Surplus		Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Unearned Employee Compensation	
<b>Balance at January 1, 2020</b>	\$ 1,171,595	-	1,722,411	-	-	-	100,564	(24,825)	73,025	-	-	3,042,770
Profit for the year ended December 31, 2020	-	-	-	-	-	-	252,794	-	-	-	-	252,794
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	6,699	(92,154)	28,086	-	-	(57,369)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	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	-	-	17,053	-	-	-	-	-	-	-	(24,042)	4,011
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	24,300	(116,979)	(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)	-	3,359,646
Profit for the year ended December 31, 2021	-	-	-	-	-	-	97,442	-	-	-	-	97,442
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	(2,540)	104,565	126,085	-	-	228,110
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	94,902	104,565	126,085	-	-	325,552
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	-	28,379	-	(28,379)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	40,168	(40,168)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(153,737)	-	-	-	-	(153,737)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	3,934	-	-	-	-	-	-	-	-	3,934
Capital increase by cash	93,764	-	906,236	-	-	-	-	-	-	-	-	1,000,000
Conversion of convertible bonds	-	10,980	108,414	-	-	-	-	-	-	-	-	119,394
Purchase of treasury share	-	-	-	-	-	-	-	-	-	-	(108,254)	(108,254)
Changes in ownership interests in subsidiaries	-	-	1,720,903	-	-	-	-	-	-	-	-	1,720,903
Share-based payment transactions	(2,200)	-	14,454	-	-	-	-	(12,414)	16,146	-	30,892	59,292
<b>Balance at December 31, 2021</b>	\$ 1,274,159	10,980	4,692,857	44,623	40,168	158,719	18,896	(77,896)	202,896	(77,362)	6,326,730	

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

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STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 319,148	333,625
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	577,360	591,504
Amortization expense	22,642	25,274
Expected credit loss	481	341
Net (gain) loss on financial assets at fair value through profit or loss	(2,499)	1,650
Interest expense	40,555	42,784
Interest income	(5,132)	(6,098)
Dividend income	(15,467)	(8,495)
Share-based payments	28,176	4,011
Share of loss of associates and joint ventures accounted for using equity method	273,246	266,511
Gain on disposal of property, plant and equipment	(36)	(552)
Loss on disposal of investments	-	9,099
Loss on lease modification	6,005	-
<b>Total adjustments to reconcile profit</b>	<u>925,331</u>	<u>926,029</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Accounts and notes receivable	(423,037)	124,720
Other receivables	(91,633)	166,980
Inventories	40,364	(89,644)
Other financial assets	(110,069)	141
Other current assets	(43,561)	(12,069)
<b>Total changes in operating assets</b>	<u>(627,936)</u>	<u>190,128</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(37,622)	130,773
Accounts and notes payable	40,586	808,407
Other payable	275,621	169,045
Other current liabilities	(23,940)	50,412
Other non-current liabilities	90	101
<b>Total changes in operating liabilities</b>	<u>254,735</u>	<u>1,158,738</u>
<b>Total changes in operating assets and liabilities</b>	<u>(373,201)</u>	<u>1,348,866</u>
<b>Total adjustments</b>	<u>552,130</u>	<u>2,274,895</u>
Cash flow generated from operations	871,278	2,608,520
Interest received	5,073	6,081
Dividends received	15,467	8,495
Interest paid	(29,728)	(41,159)
Income taxes paid	(6,726)	(53,606)
<b>Net cash flows from operating activities</b>	<u>855,364</u>	<u>2,528,331</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(279,372)	(15,985)
Acquisition of investments accounted for using equity method	(1,161,290)	(205,246)
Proceeds from capital reduction of investments accounted for using equity method	125,327	-
Acquisition of property, plant and equipment	(522,646)	(79,638)
Proceeds from disposal of property, plant and equipment	4,021	6,125
Acquisition of intangible assets	(6,732)	(19,034)
Other non-current assets	(1,685)	(66,833)
<b>Net cash flows used in investing activities</b>	<u>(1,842,377)</u>	<u>(380,611)</u>
<b>Cash flows from financing activities:</b>		
Increase (Decrease) in short-term borrowings	200,000	(390,000)
Proceeds from issuing bonds	-	1,605,790
Long-term borrowings	623,100	-
Repayments of long-term borrowings	(300,000)	(800,000)
Payment of lease liabilities	(432,009)	(441,548)
Cash dividends paid	(153,737)	(82,012)
Capital increase by cash	1,000,000	-
Payments to acquire treasury shares	(108,254)	-
Treasury shares sold to employees	30,892	-
<b>Net cash flows from (used in) financing activities</b>	<u>859,992</u>	<u>(107,770)</u>
<b>Net (loss) increase in cash and cash equivalents</b>	<u>(127,021)</u>	<u>2,039,950</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>4,855,311</u>	<u>2,815,361</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 4,728,290</u>	<u>4,855,311</u>

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



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**(1) Organization and Business**

PChome Online Inc. (the Company) was incorporated on July 14, 1998. The primary business scope of the Company includes software design, digital information supply, data processing, and wholesaling and retailing of office machinery, equipment, and information software.

On August 30, 2004, the board of directors of the GreTai Securities Market approved the Company's application for stock listing, and it became officially listed and traded on January 25, 2005.

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

These financial statements were authorized for issue by the Board of Directors on February 25, 2022.

**(3) New Standards and Interpretations Not Yet Adopted:**

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

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

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

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

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

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

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

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

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

**(4) Summary of Significant Accounting Policies**

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

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

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(a) Statement of compliance

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

(b) Basis of preparation

1. Basis of measurement

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

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited.

2. Functional and presentation currency

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

(c) Foreign Currency

1. Foreign currency transaction

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

2. Foreign operations

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

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When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

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

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

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

(f) Financial instruments

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

1. Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

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

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



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2. Financial liabilities and equity instruments

1) Compound financial instruments

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

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

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

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

2) Financial liabilities

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

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

3) Derecognizing of financial liabilities

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

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

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4) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

(h) Investment in associates

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

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

The financial statements include the Company's share of the profit or loss and other comprehensive income of associates, after adjustments to align their accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. The Company recognizes any changes, proportionately with the shareholding ratio under capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Unrealized profits resulting from transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Company's share of losses exceeds its interests in an associate, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Company has an obligation or has made payments on behalf of the associate.

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(i) Investment in subsidiaries

The Company uses the equity method to evaluate an investee which is under control when preparing the financial statements. Under the equity method, the profit or loss and other comprehensive income shall be attributed to the owners of the parent on the basis of the proportion of existing ownership interests. The Company's equity in the financial statement shall be equal to the share attributed to the parent in the financial statement.

Changes in the Company's ownership interests in subsidiaries do not result in loss of control of subsidiaries are equity transactions with owners.

(j) Property, plant, and equipment

1. Recognition and measurement

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

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

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

2. Subsequent cost

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

3. Depreciation

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

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

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

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

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(k) Leases

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

1. As a lessee

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

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

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

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

- 1) Fixed payments;
- 2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) Amounts expected to be payable under a residual value guarantee; and
- 4) Payments for purchase or termination options that are reasonably certain to be exercised.

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

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change of its assessment on a purchase option; or

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- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modifications.

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

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

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

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

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

As a practical expedient, the Company elects not to assess whether all rent concessions that meet all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022;
- and there is no substantive change in other terms and conditions of the lease.

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

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2. As a lessor

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

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

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

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

(l) Intangible assets

1. Recognition and measurement

Intangible assets, including computer software which are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

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

3. Amortization

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

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

- 1) Software 3~ 5 years

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

(m) Impairment – non-financial assets

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

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

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

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

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

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

(n) Revenue

1. Revenue from contracts with customers

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

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1) Sale of goods - consumer electronics

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

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

2) Services

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

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

(p) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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



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

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

**3. Short-term employee benefits**

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

**(p) Share-based payment**

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

**(q) Income taxes**

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

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

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

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

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

(r) Business combination

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

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

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

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

(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(t) Operating segments

The Company has provided the operating segments disclosure in the consolidated financial statements.

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

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

**(6) Summary of Major Accounts**

(a) Cash and cash equivalents

	<u>2021.12.31</u>	<u>2020.12.31</u>
Cash on hand	\$ 368	393
Checking accounts	40,506	42,547
Savings accounts	4,141,705	4,318,348
Foreign currency deposits	11,360	5,384
Time deposits	534,000	488,000
Cash equivalents	<u>351</u>	<u>639</u>
Cash and cash equivalents	<u>\$ 4,728,290</u>	<u>4,855,311</u>

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

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

	<u>2021.12.31</u>	<u>2020.12.31</u>
Equity instruments at fair value through other comprehensive income		
Stocks unlisted on domestic and foreign markets	\$ 645,546	248,425
Foreign convertible bonds	<u>8,336</u>	<u>-</u>
Total	<u>\$ 653,882</u>	<u>248,425</u>

1.The Company holds these equity instruments, which are not held for trading at designated fair value through other comprehensive income, for long-term strategic purposes.

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2. The Company has obtained three of the nine director seats on the board of directors of Miho International Cosmetic Co., Ltd. since July 1, 2020, and acquired significant influence over that company from that date. Therefore, the Company transferred this investment from non-current financial assets at fair value through other comprehensive income to investments accounted for using the equity method. The fair value at the time of disposal was \$99,300 thousand, and the disposal profit amounted to \$24,300 thousand. The accumulated disposal profit has been transferred from other equity interests to retained earnings. Since two of the three abovementioned directors resigned at December 9, 2021, the Company loss the significant influence over that company from that date. The Company transferred this investment from investments accounted for using the equity method to non-current financial assets at fair value through other comprehensive income. Relevant information please refer to Note (6)(e).
3. The Company holds preferred stocks issued by domestic and foreign unlisted companies, all of which are non-cumulative preferred stocks with shareholder voting rights, and the dividends are paid at the agreed annual rate, which is adjusted and reset periodically in accordance with the agreed period. Most of the shares have the liquidation preference. According to the ranking order of the preferred stocks, if the targets must be liquidated while the Company holds their preferred stocks, the Company will have the opportunity to get the dividends which are same as the investment amount.
4. The maturity period of the foreign convertible bonds is in 2022, which are issued by the foreign companies and held by the Company, while the conversion period will be in 2022.
5. For the market price risk, please refer to Note (6)(w); for the credit risk and market risk, please refer to Note (6)(x).
6. Abovementioned financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral.

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

	<b>2021.12.31</b>	<b>2020.12.31</b>
Notes receivable-measured as amortized cost	\$ 250	550
Trade receivable-measured as amortized cost	1,085,601	662,666
Other receivables-measured as amortized cost	360,389	265,680
Lease receivable	1,391	4,681
Less: Allowance for impairment loss	(506)	(700)
	<b>\$ 1,447,125</b>	<b>932,877</b>

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The Company applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporate forward looking information. The loss allowance provision was determined as follows:

	<b>2021.12.31</b>		
	<b>Gross carrying amount</b>	<b>Expected loss rate</b>	<b>Loss allowance provision</b>
Current	1,443,304	0.002%~0.021%	20
Past under 180 days	\$ 4,158	10%	416
Over 181 days past due	169	25%~100%	70
	<b>\$ 1,447,631</b>		<b>506</b>

	<b>2020.12.31</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average</b>	<b>Loss allowance provision</b>
Current	\$ 931,310	0.002%~0.021%	32
Past under 180 days	1,158	10%	116
Over 181 days past due	1,109	25%~100%	552
	<b>\$ 933,577</b>		<b>700</b>

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

	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 700	377
Impairment losses recognized	481	341
Amounts written off	(675)	(18)
Balance at December 31	<b>\$ 506</b>	<b>700</b>

(d) Inventories

	<b>2021.12.31</b>	<b>2020.12.31</b>
Merchandise inventories	\$ 1,739,760	1,787,970
Less: Allowance for inventory valuation and obsolescence losses	(5,600)	(13,446)
	<b>\$ 1,734,160</b>	<b>1,774,524</b>

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The details of operating cost were as follows:

	<b>2021</b>	<b>2020</b>
Cost of goods sold	\$ 40,589,501	36,648,174
(Gain from price recovery of inventory) Provision for inventory market price decline and obsolescence	(7,846)	3,998
Loss on physical inventory	3,663	2,753
Loss on disposal of scrap	6,103	1,175
	<b>\$ 40,591,421</b>	<b>36,656,100</b>

The factors that caused the net realizable value of inventories to be lower than the cost no longer exist, resulting in the net realizable value of inventory to increase and be recognized as profit on inventory for the year ended December 31, 2021.

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

(e) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<b>2021.12.31</b>	<b>2020.12.31</b>
Subsidiaries	\$ 4,942,607	1,274,903
Associates	39,532	19,432
	<b>\$ 4,982,139</b>	<b>1,294,335</b>

1. Subsidiaries

Please refer to the consolidated financial report for the year ended December 31, 2021.

2. Associates

Affiliates to the Company consisted of the followings :

<b>Name of Affiliates</b>	<b>Nature of Relationship with The Company</b>	<b>Main operating location/ Registered Country of the Company</b>	<b>Proportion of shareholding and voting rights</b>	
			<b>2021.12.31</b>	<b>2020.12.31</b>
Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	Taiwan	26.47 %	26.47 %
Ruten Japen KK	Information processing and provision of electronic information	Japan	28.49 %	- %

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

**3. Organizational restructuring**

- 1) On September 24, 2021, the Company bought the shares of Ruten Japan KK from PChome Online (HK) and RUTEN GLOBAL INC. Due to the departmental organization, the Company directly controls it.
- 2) On October 11, 2021, the Company bought the shares of EC Global Limited from RUTEN GLOBAL INC. Due to the departmental organization, the Company directly controls it.
- 3) On November 3, 2021, the Company has completed the dissolution and the liquidation procedures of ECOMMERCE GROUP CO., LTD., and the Company directly gained control of RUTEN GLOBAL INC..

**4. Collateral**

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

**(f) Acquisition of subsidiary**

**1. YunTan technology Inc.**

- 1) The Company acquired 70% shares of YunTan technology Inc. for \$54,250 thousand and gained control over it on July 1, 2021.
- 2) Acquisition of identifiable asset and liabilities assumed

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

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

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3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

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

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

2. 21st Century Technology Co., Ltd.

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

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

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

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



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2) Acquisition of identifiable asset and liabilities assumed

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

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

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

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3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

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

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

(g) Changes in a parent's ownership interest in a subsidiary

On the meeting of the Board of the Directors on September 14, 2020, the Company passed the resolution to merge subsidiaries PChomePay Inc. and Pi Mobile Technology Inc. Pi Mobile Technology Inc. would be the surviving company after this merger. Each common share of PChomePay Inc. will be converted into 0.10430441 share of Pi Mobile Technology Inc. The Company's shareholding ratio of Pi Mobile Technology Inc. decreased from 89.72% to 81.04%.

Pi Mobile Technology Inc. increased capital in cash on September 30, 2021. The Company did not accordingly subscribe by the shareholding ratio, which caused the shareholding ratio decreased from 81.04% to 80.85%. The Company paid 50.53% of the shares of Pi Mobile Technology Inc. to acquire 21st Century Technology Co., Ltd., which caused the shareholding ratio decreased from 80.85% to 30.32%. Pi Mobile Technology Inc. becomes the parent company of 21st Century Technology Co., Ltd., the Company becomes the ultimate controlling party of the Group.

The changes in the Company's ownership interest to 21st Century Technology Co., Ltd., please refer to Note6(f).

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(h) Property, plant and equipment

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

	<u>Furniture and office equipment</u>	<u>Leasehold improvements</u>	<u>Leased assets</u>	<u>Testing equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2021	\$ 815,664	442,070	16,115	-	1,273,849
Additions	59,213	2,756	-	472,892	534,861
Transfer from prepayments for business facilities	29,265	6,123	(3,264)	(32,124)	-
Obsolescence	(46,813)	(973)	-	-	(47,786)
Disposals	(78)	-	(6,344)	-	(6,422)
Balance at December 31, 2021	<u>\$ 857,251</u>	<u>449,976</u>	<u>6,507</u>	<u>440,768</u>	<u>1,754,502</u>
Balance at January 1, 2020	\$ 792,671	429,323	16,115	-	1,238,109
Additions	81,895	12,804	-	-	94,699
Obsolescence	(33,393)	-	-	-	(33,393)
Disposals	(25,509)	(57)	-	-	(25,566)
Balance at December 31, 2020	<u>\$ 815,664</u>	<u>442,070</u>	<u>16,115</u>	<u>-</u>	<u>1,273,849</u>
Depreciation and impairment loss:					
Balance at January 1, 2021	\$ 568,435	304,089	11,535	-	884,059
Depreciation for the year	109,337	31,776	2,630	-	143,743
Reclassification	3,264	-	(3,264)	-	-
Obsolescence	(46,813)	(973)	-	-	(47,786)
Disposals	(60)	-	(5,641)	-	(5,701)
Balance at December 31, 2021	<u>\$ 634,163</u>	<u>334,892</u>	<u>5,260</u>	<u>-</u>	<u>974,315</u>
Depreciation for the year	\$ 514,584	\$ 274,215	8,312	-	797,111
Obsolescence	107,180	29,931	3,223	-	140,334
Disposals	(33,393)	-	-	-	(33,393)
Effect of movements in exchange rates	(19,936)	(57)	-	-	(19,993)
Balance at December 31, 2020	<u>\$ 568,435</u>	<u>304,089</u>	<u>11,535</u>	<u>-</u>	<u>884,059</u>
Carrying amounts:					
At December 31, 2021	<u>\$ 223,088</u>	<u>115,084</u>	<u>1,247</u>	<u>440,768</u>	<u>780,187</u>
At December 31, 2020	<u>\$ 247,229</u>	<u>137,981</u>	<u>4,580</u>	<u>-</u>	<u>389,790</u>

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

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(i) Right-of-use assets

The cost and depreciation of the right-of-use assets of the Company for the years ended December 31, 2021 and 2020, were as follows:

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2021	\$ 3,192,396	73,079	1,166	3,266,641
Additions	66,244	-	6,256	72,500
Decrease	(48,432)	(73,079)	(1,166)	(122,677)
Balance as of December 31, 2021	<u>\$ 3,210,208</u>	<u>-</u>	<u>6,256</u>	<u>3,216,464</u>
Balance as of January 1, 2020	\$ 3,210,698	73,079	1,166	3,284,943
Decrease	(18,302)	-	-	(18,302)
Balance as of December 31, 2020	<u>\$ 3,192,396</u>	<u>73,079</u>	<u>1,166</u>	<u>3,266,641</u>
Accumulated depreciation:				
Balance as of January 1, 2021	\$ 870,864	26,983	764	898,611
Depreciation for the year	426,891	5,621	1,105	433,617
Other decrease	(43,422)	(32,604)	(1,166)	(77,192)
Balance as of December 31, 2021	<u>\$ 1,254,333</u>	<u>-</u>	<u>703</u>	<u>1,255,036</u>
Balance as of January 1, 2020	\$ 451,597	13,492	281	465,370
Depreciation for the year	437,196	13,491	483	451,170
Other decrease	(17,929)	-	-	(17,929)
Balance as of December 31, 2020	<u>\$ 870,864</u>	<u>26,983</u>	<u>764</u>	<u>898,611</u>
Carrying amount:				
Balance as of December 31, 2021	<u>\$ 1,955,875</u>	<u>-</u>	<u>5,553</u>	<u>1,961,428</u>
Balance as of December 31, 2020	<u>\$ 2,321,532</u>	<u>46,096</u>	<u>402</u>	<u>2,368,030</u>

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(j) Intangible assets

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

	<b>Software</b>
Cost:	
Balance at January 1, 2021	\$ 163,008
Acquired separately	8,043
Transfer from prepayments	2,906
Disposal and obsolescence	<u>(7,901)</u>
Balance at December 31, 2021	<u><b>\$ 166,056</b></u>
Balance at January 1, 2020	\$ 148,499
Acquired separately	14,582
Disposal and obsolescence	<u>(73)</u>
Balance at December 31, 2020	<u><b>\$ 163,008</b></u>
Amortization and impairment losses:	
Balance at January 1, 2021	\$ 128,888
Amortization for the year	22,642
Disposal and obsolescence	<u>(7,901)</u>
Balance at December 31, 2021	<u><b>\$ 143,629</b></u>
Balance at January 1, 2020	\$ 103,687
Amortization for the year	25,274
Disposal and obsolescence	<u>(73)</u>
Balance at December 31, 2020	<u><b>\$ 128,888</b></u>
Carrying amounts:	
Balance at December 31, 2021	<u><b>\$ 22,427</b></u>
Balance at December 31, 2020	<u><b>\$ 34,120</b></u>

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

	<b>2021</b>	<b>2020</b>
Operating costs	<u><b>\$ 265</b></u>	<u><b>364</b></u>
Operating expenses	<u><b>\$ 22,377</b></u>	<u><b>24,910</b></u>

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(k) Short-term borrowings

	<b>2021.12.31</b>	<b>2020.12.31</b>
Unsecured bank loans	<u>\$ 200,000</u>	<u>-</u>
Unused short-term credit line	<u>\$ 3,830,000</u>	<u>2,629,080</u>
Range of interest rates	<u>1.1%</u>	<u>-</u>

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

	<b>2021.12.31</b>	<b>2020.12.31</b>
Current contract liabilities	\$ 358,993	396,615
Receipts under custody online payment processing service mainly	34,100	52,913
Current refund liabilities	<u>37,297</u>	<u>42,424</u>
	<u>\$ 430,390</u>	<u>491,952</u>

The Company received the advance receipts from consumers who purchased goods or online service points.

Agreements were entered into between the Company and its online sellers for entrusting the Company to collect sellers' online transaction payments. Collections were recognized under other current liabilities and were accounted for as payables to the sellers.

Current refund liabilities are expected to be paid to customers due to their right to refund the goods, which were recognized under other current liabilities.

(m) Long-term borrowings

The details were as follows:

	<b>2021.12.31</b>			
Currency	Rate	Maturity year	Amount	
Unsecured bank loans	TWD	0.70%	2028	\$ 217,400
Secured bank loans	TWD	0.75%	2028	<u>105,700</u>
Total				<u>\$ 323,100</u>
Unused long-term credit lines				<u>\$ 2,324,900</u>

The assets of the Company had been pledged as collateral for long-term borrowings; please refer to Note 8.

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(n) Bonds payable

The details of secured convertible bonds were as follows:

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

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

	<u>2021</u>	<u>2020</u>
Embedded derivative instruments – call options, included in other gains and losses	<u>\$ 2,499</u>	<u>(1,650)</u>
Interest expense	<u>\$ 10,630</u>	<u>2,481</u>

The Company issued secured 3-year convertible bonds at October 7, 2020, the face value of this bond amounted to \$1,500,000 thousand, coupon rate is 0%, and was issued at 107.42% of the face value. Therefore, the actual borrowing amount was \$1,611,304 thousand. The issuance period was from October 7, 2020, to October 7, 2023, while the conversion period started from January 8, 2021, to October 7, 2023. The Company will repay the convertible bonds at face value in one lump sum in cash upon maturity.

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

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

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

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

(o) Lease liabilities

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

	<u>2021.12.31</u>	<u>2020.12.31</u>
Current	\$ <u>397,514</u>	<u>436,437</u>
Non-current	\$ <u>1,620,103</u>	<u>1,980,169</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	\$ <u>26,545</u>	<u>32,006</u>
Expenses relating to short-term leases	\$ <u>37,724</u>	<u>37,961</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>1,686</u>	<u>1,966</u>

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

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>497,964</u>	<u>513,481</u>

As of December 31, 2021 and 2020, the Company leases buildings for its office space and warehouses. The leases of office space typically run of a period for 3 to 5 years, and of warehouses for 3 to 12 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.



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(p) Income taxes

1. Income tax expense recognized in profits or losses

The amounts of income tax were as follows:

	<b>2021</b>	<b>2020</b>
Current income tax expense:		
Current period	\$ 247,365	73,171
5% surtax on unappropriated earnings	-	115
Adjustment for prior periods	(15,154)	(11,514)
	232,211	61,772
Deferred tax expense:		
Origination and reversal of temporary differences	(10,505)	19,059
Income tax expense	<b>\$ 221,706</b>	<b>80,831</b>

Income tax benefit recognized in other comprehensive income:

	<b>2021</b>	<b>2020</b>
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement from defined benefit plans	<b>\$ 513</b>	<b>(638)</b>

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

	<b>2021</b>	<b>2020</b>
Profit excluding income tax	<b>\$ 319,148</b>	<b>333,625</b>
Income tax using the Company's domestic tax rate	63,830	66,725
Permanent differences-the share of loss of domestic subsidiaries, etc.	23,368	25,505
Over provision in prior periods	(15,154)	(11,514)
5% surtax on unappropriated earnings	-	115
Income basic tax	149,662	-
Total	<b>\$ 221,706</b>	<b>80,831</b>

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2. Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

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

	<u>Defined Benefit Plans</u>	<u>Others</u>	<u>Total</u>
<b>Deferred Tax Liabilities:</b>			
Balance at January 1, 2021	\$ 1,647	-	1,647
Debited (Credited) Income statement	205	-	205
Debit (Credited) Other Comprehensive Income	<u>(513)</u>	<u>-</u>	<u>(513)</u>
Balance at December 31, 2021	<u>\$ 1,339</u>	<u>-</u>	<u>1,339</u>
Balance at January 1, 2020	\$ 779	-	779
Debited (Credited) Income statement	230	-	230
Debit (Credited) Other Comprehensive Income	<u>638</u>	<u>-</u>	<u>638</u>
Balance at December 31, 2020	<u>\$ 1,647</u>	<u>-</u>	<u>1,647</u>
<b>Deferred Tax Assets:</b>			
Balance at January 1, 2021	28,492	13,830	42,322
(Debited) Credited Income statement	<u>4,028</u>	<u>6,682</u>	<u>10,710</u>
Balance at December 31, 2021	<u>32,520</u>	<u>20,512</u>	<u>53,032</u>
Balance at January 1, 2020	49,220	11,931	61,151
(Debited) Credited Income statement	<u>(20,728)</u>	<u>1,899</u>	<u>(18,829)</u>
Balance at December 31, 2020	<u>28,492</u>	<u>13,830</u>	<u>42,322</u>

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

(q) Capital and other equity

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

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

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

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

1. Capital surplus

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

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

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

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2. Retained earnings

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

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

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

1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

The amount of cash dividends of appropriations of earnings for 2020 that had been approved in the meeting of the board of directors on March 16, 2021 was \$153,737 thousand. The amount of cash dividends of appropriations of earnings for 2019 that had been approved in the meeting of the shareholders' meeting on June 24, 2020 was \$82,012 thousand. Relevant information would be available at the Market Observation Post System website.

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3. Treasury shares

On March 16, 2021, the Board of Directors of the Company resolved to repurchase its ordinary shares from the centralized securities exchange market, in order to transfer to employees, at price between \$60 and \$110 per share, in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of December 31, 2021, a total of 1,230 thousand shares have been bought back at a cost of \$108,254 thousand. The cost does not exceed the upper limit amount \$108,440 thousand approved by the Board of Directors.

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

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

4. Other equity, net of tax

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

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(r) Share-based payment

The Company had two share-based payment arrangements as follows as of December 31, 2021.

1. Employee restricted shares

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

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

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

2. Share-based payment transactions

	<b>Equity-settled</b>	
	<b>Treasury stocks transferred to employees</b>	<b>Treasury stocks transferred to employees</b>
Grant date	August 6, 2021	November 3, 2021
Number of shares granted	333,000 shares	18,000 shares
Contract term	2 years	2 years
Vesting conditions	Immediately vested	Immediately vested

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1) Determining the fair value of equity instruments granted

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

	<b>Treasury stocks transferred to employees</b>	<b>Treasury stocks transferred to employees</b>
Fair value at grant date	4.88	17.96
Stock price at grant date	91.18	105.64
Expected volatility (%)	46.82%	42.65
Risk-free interest rate (%)	0.0484%	0.0909%

2) Information on employee stock options

(Unit: Thousands)

	<b>2021</b>
	<b>Numbers of options</b>
Balance, beginning of January 1	-
Options granted	351
Options exercised	(351)
Options expired	-
Balance, end of December 31	-
Options exercisable, end of December 31	-

3. Expenses and liabilities resulted from share-based payments

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

	<b>2021</b>	<b>2020</b>
Salary expenses	\$ <b>28,176</b>	<b>4,011</b>

(s) Earnings per share

The Company calculated the basic and diluted EPS as follows:

1. Basic earnings per share (NT dollars)

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

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2. Diluted earnings per share (NT dollars)

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

(t) Revenue from contracts with customers

	2021	2020
Revenue of electronic commerce	\$ 46,118,646	41,672,964

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

The amount of revenue recognized in the year ended December 31, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were \$396,615 thousand and \$265,842 thousand, respectively.

(u) Rewards of employees, directors and supervisors

In accordance with the articles of the Company should contribute 1%~15% of the profit as employee compensation and less than 1.5% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

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

For the year ended December 31, 2020, the remunerations to employees, and directors and supervisors amounted to \$24,777 thousand and \$2,781 thousand, respectively. The actual remunerations paid to employees and directors and supervisors were no difference between the estimated amount. distributed based on the decision made by the board of directors. Related information would be available at the Market Observation Post System website.



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(v) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 4,749	4,857
Other interest income		
Interest income on lease receivable	38	72
Others	<u>345</u>	<u>1,169</u>
Total Interest income	<u>\$ 5,132</u>	<u>6,098</u>

2. Other income

The details of other income were as follows:

	<u>2021</u>	<u>2020</u>
Dividend income	\$ 15,467	8,495
Others	<u>21,773</u>	<u>49,802</u>
Total other income	<u>\$ 37,240</u>	<u>58,297</u>

3. Other gains and losses, net

The details of other gains and losses were as follows:

	<u>2021</u>	<u>2020</u>
Gains on disposal of property, plant and equipment	-	552
Loss on disposal of investments	-	(9,099)
Loss on lease modification	(6,005)	-
Foreign currency exchange losses	(1,058)	(806)
Gains (losses) on current financial assets at fair value through profit or loss	2,499	(1,650)
Miscellaneous disbursements	<u>(273)</u>	<u>-</u>
Other gains and losses, net	<u>\$ (4,837)</u>	<u>(11,003)</u>

4. Finance costs

The details of finance cost were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense	\$ <u>40,555</u>	<u>42,784</u>

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(w) Financial instruments

1. Credit risk

Credit risks exposure

The carrying amount of financial assets represents the maximum exposure to credit risk. As of December 31, 2021 and 2020, the maximum exposure to credit risk amounted to \$7,112,422 thousand and \$6,207,170 thousand, respectively.

2. Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Balance at December 31, 2021</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 200,000	200,000	200,000	-	-	-	-
Accounts and notes payable	3,795,729	3,795,729	3,795,729	-	-	-	-
Other payables	1,559,532	1,559,532	1,537,832	21,700	-	-	-
Lease liability	2,017,617	2,017,617	210,965	186,549	379,637	1,042,034	198,432
Bonds payable	1,361,536	1,379,000	-	-	1,379,000	-	-
Long-term borrowings	323,100	323,100	-	-	-	181,744	141,356
Long-term payables	549,438	549,438	-	-	549,438	-	-
	<u>\$ 9,806,952</u>	<u>9,824,416</u>	<u>5,744,526</u>	<u>208,249</u>	<u>2,308,075</u>	<u>1,223,778</u>	<u>339,788</u>
<b>Balance at December 31, 2020</b>							
Non-derivative financial liabilities							
Accounts and notes payable	\$ 3,755,143	3,755,143	3,755,143	-	-	-	-
Other payables	742,834	742,834	742,834	-	-	-	-
Lease liability	2,416,606	2,416,606	222,983	213,454	394,047	1,180,158	405,964
Bonds payable	1,470,300	1,500,000	-	-	-	1,500,000	-
	<u>\$ 8,384,883</u>	<u>8,414,583</u>	<u>4,720,960</u>	<u>213,454</u>	<u>394,047</u>	<u>2,680,158</u>	<u>405,964</u>

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

3. Currency risk

1) Currency risk exposure

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

	2021.12.31			2020.12.31		
	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 31	27.67	846	79	28.10	2,233
JPY	31,795	0.24	7,640	-	-	-

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2) Sensitivity analysis

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

A 5% appreciation or depreciation of the TWD against the USD and JPY as of December 31, 2021 and 2020, would have increased or decreased net income by \$339 thousand and \$89 thousand, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the years ended December 31, 2021 and 2020.

Due to the variety of functional currency, the Company disclosed foreign currency gain or loss on monetary items aggregately. For the years ended December 31, 2021 and 2020, the foreign exchange gain (loss) (include realized and unrealized) were loss \$1,058 thousand and loss \$806 thousand in 2021 and 2020, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowings and deposits at variable rates.

4. Interest analysis

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

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

If the interest rate had increased or decreased by 0.1%, the Company's net income would have increased or decreased by \$3,322 thousand and \$3,336 thousand for the years ended December 31, 2021 and 2020, respectively. This is mainly due to the Company borrowings and deposits at variable rates.

5. Other market price risk

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

<b>Prices of securities at the reporting date</b>	<b>2021</b>		<b>2020</b>	
	<b>Other comprehensive income after tax</b>	<b>Net income</b>	<b>Other comprehensive income after tax</b>	<b>Net income</b>
Increasing 1%	\$ 5,164	-	1,987	-
Decreasing 1%	(5,164)	-	(1,987)	-



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3) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income
<b>Opening balance, January 1, 2021</b>	\$ 1,500	248,425
Total gains and losses recognized:		
In profit or loss	2,499	-
In other comprehensive income	-	126,085
Purchasing	-	279,372
<b>Ending Balance, December 31, 2021</b>	<b>\$ 3,999</b>	<b>653,882</b>
<b>Opening balance, January 1, 2020</b>	\$ -	214,329
Total gains and losses recognized:		
In profit or loss	(1,650)	-
In other comprehensive income	-	28,086
Purchasing	-	105,310
Derecognized	-	(99,300)
Issuance of convertible bonds	3,150	-
<b>Ending Balance, December 31, 2020</b>	<b>\$ 1,500</b>	<b>248,425</b>

For the years ended December 31, 2021 and 2020, the total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from fair value through other comprehensive income” were as follows:

	2021	2020
Total gains and losses recognized:		
In profit or loss, and including “other gains and losses”	\$ 2,499	(1,650)
In other comprehensive income, and including “unrealized gains and losses from fair value through other comprehensive income”	126,085	28,086

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4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

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

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Fair value through profit or loss – Embedded derivative – call options	Binomial tree pricing convertible bonds model	·Volatility (53.46%)	·The estimated fair value would increase (decrease) if the volatility were higher (lower).
Fair value through other comprehensive income – Equity investments without an active market	Comparable listed company market approach	·Market value ratio (1.32~9.48) ·Liquidity discounted rate (14.47%~30.00%)	·The estimated fair value would increase (decrease) if the lack of liquidity discounted rate were lower (higher).

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

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

	<u>Input</u>	<u>Variation</u>	<u>Profit or loss</u>		<u>Other comprehensive income</u>	
			<u>Favor-able</u>	<u>Unfavor-able</u>	<u>Favor-able</u>	<u>Unfavor-able</u>
<b>December 31, 2021</b>						
Financial assets at fair value through profit or loss						
Embedded derivative - call options	Volatility	5%	\$ <u>200</u>	<u>(200)</u>	<u>-</u>	<u>-</u>
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	\$ <u>-</u>	<u>-</u>	<u>17,888</u>	<u>(17,390)</u>
"	Liquidity discounted rate	5%	\$ <u>-</u>	<u>-</u>	<u>15,616</u>	<u>(15,648)</u>

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	Input	Variation	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
<b>December 31, 2020</b>						
Financial assets at fair value through profit or loss						
Embedded derivative - call options	Volatility	5%	\$ <u>75</u>	<u>(75)</u>	<u>-</u>	<u>-</u>
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	\$ <u>-</u>	<u>-</u>	<u>12,234</u>	<u>(12,336)</u>
"	Liquidity discounted rate	5%	\$ <u>-</u>	<u>-</u>	<u>17,789</u>	<u>(17,753)</u>

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(x) Financial risk management

1. Summary

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

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

2. Risk management framework

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

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

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

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The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

3. Credit risk

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

1) Accounts receivable and other receivables

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

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

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

2) Investment

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

3) Guarantees

The Company's policy is to provide financial guarantees only for transactions involving equity investment that is more than 50% owned, and they should be approved by the Board. Relevant information please refer to Note (7)(c).



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4. Liquidity risk

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

5. Market risk

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

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company. These transactions are denominated in TWD and USD.

(y) Capital management

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

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

1. For right-of-use assets under leases, please refer to Note (6)(i).
2. For conversion of convertible bonds to ordinary shares, please refer to Notes (6)(n).
3. The reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2021	Cash flows	Non-cash changes Others	December 31, 2021
Long-term borrowings	\$ -	323,100	-	323,100
Short-term borrowings	-	200,000	-	200,000
Lease liabilities	2,416,606	(432,009)	33,020	2,017,617
Bonds payable	1,470,300	-	(108,764)	1,361,536
Total liabilities from financing activities	<u>\$ 3,886,906</u>	<u>91,091</u>	<u>(75,744)</u>	<u>3,902,253</u>

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	January 1, 2020	Cash flows	Non-cash changes Others	December 31, 2021
Long-term borrowings	\$ 800,000	(800,000)	-	-
Short-term borrowings	390,000	(390,000)	-	-
Lease liabilities	2,858,154	(441,548)	-	2,416,606
Bonds payable	-	1,605,790	(135,490)	1,470,300
Total liabilities from financing activities	<u>\$ 4,048,154</u>	<u>(25,758)</u>	<u>(135,490)</u>	<u>3,886,906</u>

**(7) Related-Party Transactions**

(a) Ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Company
PChome Store Inc.	Subsidiary of the Company
Linktel Inc.	"
PChome Pay Inc. (Note 1)	"
IT Home Publications Inc.	"
PCHOME US INC.	"
PC HOME ONLINE INTERNATIONAL CO., LTD.	"
ECOMMERCE GROUP CO., LTD. (Note 2)	"
Pi Mobile Technology Inc.	"
PChome (Thailand) Co., Ltd.	"
PChome Travel Inc.	"
PChome Financial Technology Inc.	"
Pay and Link Inc.	"
RUTEN GLOBAL INC.	"
ECOSMOS PTE. LTD.	"
PChome eBay Co., Ltd	"
EC Global Limited	"
PChome Trading (Shenzhen) Ltd.	"

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Name of related party	Relationship with the Company
PChome Express Co., Ltd.	Subsidiary of the Company
Chunghwa PChome Fund 1 Co., Ltd.	"
Cornerstone Ventures Co., Ltd.	"
PChome Holding Inc.	"
PChome Marketplace Inc.	"
PChome CB Co., Ltd.	"
PChome CBS Co., Ltd.	"
Mitch Co.,Ltd.	"
PChome Bibian Inc.	"
PCHOME CB PTE. LTD.	"
YunTan technology Inc.	"
einsure insurance broker Inc.	"
PChome Data Technology Co., Ltd.	"
21st Century Technology Co., Ltd.	"
FAN7 TOUR CO., LTD.	"
21st Century Digital Technology Co., Ltd.	"
Rakuya International Info. Co. Ltd.	Associate of the Company
Ruten Japan KK	"
PC Home Ventures Fund(I) Corporation	Other related party
Eastern Online Co., Ltd	"
EOLEMBRAIN ONLINE MARKETING RESEARCH CO., LTD.	"
SITE INC.	"
Miho International Cosmetic Co., Ltd.	"
PAYEASY DIGITAL INTEGRATION CO., LTD.	"

Note 1 : The subsidiary completed a share swap merger with Pi Mobile Technology Inc. on November 2, 2020. After the merger, Pi Mobile Technology Inc. became the surviving company.

Note 2 : The subsidiary has completed the dissolution and liquidation procedures on November 3, 2021.

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(c) Related-party transactions

1. Operating revenue

Operating revenues of the Company from the related parties were as follows:

	<b>2021</b>	<b>2020</b>
Subsidiaries	\$ 60,804	43,084
Associates	286	286
	<b>\$ 61,090</b>	<b>43,370</b>

The sales prices and payment terms to related parties were not different from those of sales to third parties.

2. Purchases

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

	<b>2021</b>	<b>2020</b>
Subsidiaries	\$ 56,273	3,975
Other related parties	483	3,098
Subtotal	<b>\$ 56,756</b>	<b>7,073</b>

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

3. Receivables from related parties

<b>Item</b>	<b>Related party categories</b>	<b>2021.12.31</b>	<b>2020.12.31</b>
Accounts receivable (Note 1)	Pi Mobile Technology Inc.	\$ 615,449	253,103
Accounts receivable	Subsidiaries	5,743	268
Accounts receivable	Associates	-	25
Lease receivable	Associates	1,391	4,681
Other receivables	Subsidiaries	4,980	3,026
Other receivables	Associates	31	31
Other receivables	Other related parties	8,512	-
Other receivables (Note 2)	Other related parties	22,249	21,452
		<b>\$ 658,355</b>	<b>282,586</b>

Note 1: Collections arising from mobile payment services.

Note 2: For the years ended December 31, 2021 and 2020, the collections and payments generated by exchanging points of the Company amounted to \$121,527 thousand and \$112,610 thousand, respectively. As of December 31, 2021, the carrying amount was recognized under other receivables.

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4. Payables to related parties

Payables of the Company from related parties were as follows :

<u>Item</u>	<u>Related party categories</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Accounts payable	Subsidiaries	\$ 6,049	2,378
Other payables	Subsidiaries	152,818	30,957
Other payables	Associates	-	2
Other payables	Other related parties	<u>459</u>	<u>429</u>
		<u>\$ 159,326</u>	<u>33,766</u>

5. Property transactions

1) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Disposal price</u>	<u>Gain (loss) from disposal</u>	<u>Disposal price</u>	<u>Gain (loss) from disposal</u>
Subsidiaries	<u>\$ 55</u>	<u>36</u>	<u>6,125</u>	<u>552</u>

6. Others

1) For the years ended December 31, 2021 and 2020, logistics expense, handling fee, promotion expense and others are as follows:

<u>Item</u>	<u>Related party categories</u>	<u>2021</u>	<u>2020</u>
Handling fee	Subsidiaries	\$ 169,446	121,975
Promotion expense	"	138,603	59,325
Logistic expense	"	253,055	253,025
Salary of dispatched personnel	"	12,810	12,727
Labor fee	"	10,861	2,990
Other expense	"	6,885	4,569
Other expense	Other related parties	<u>2,469</u>	<u>2,709</u>
Subtotal		<u>\$ 594,129</u>	<u>457,320</u>

2) For the year ended December 31, 2020, the Company's interest revenue resulting from loan to subsidiaries amounted to \$1,169 thousand.

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7. Loans to Related Parties

The loans to related parties were as follows:

	<b>2021.12.31</b>	<b>2020.12.31</b>
Other related parties-Miho International Cosmetic Co., Ltd.	<b>\$ 8,500</b>	-

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

For 2021, interest revenue from loans receivable from related parties amounted to \$116 thousand.

8. Endorsements and guarantees with related parties

As of December 31, 2021, the Company's guarantees for non-related parties to fulfill their obligations in accordance with the service contract with its subsidiary Linktel Inc., Pi Mobile Technology Inc., PChome Store Inc. and PChome Bibian Inc. were \$2,460 thousand, \$300,000 thousand, \$200,000 thousand and \$120,150 thousand, respectively. As of December 31, 2020, the Company's guarantees for non-related parties to fulfill their obligations in accordance with the service contract with its subsidiary Linktel Inc., PiMobile Technology Inc. and PChome Store Inc. were \$5,823 thousand, \$300,000 thousand and \$400,000 thousand, respectively.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<b>2021</b>	<b>2020</b>
Short-term employee benefits	<b>\$ 96,219</b>	<b>64,633</b>

**(8) Restricted Assets**

The following assets were restricted in use:

Assets	Purpose of Pledge	<b>2021.12.31</b>	<b>2020.12.31</b>
Deposit account-current (Other current financial assets)	Security for convertible bonds and purchase guarantee	\$ 170,628	60,976
Refundable deposit (Other non-current financial assets)	Security for provisional seizure, etc. and deposits for office rental	108,498	108,081
		<b>\$ 279,126</b>	<b>169,057</b>

**(9) Significant Contingencies and Commitments**

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

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- (b) As of December 31, 2021 and 2020, notes payable deposited as guarantee for commercial vehicle and office and building leases are \$247,211 thousand, respectively.
- (c) As of December 31, 2021 and 2020, the Company has entered into performance guarantee contracts with financial institutions for the purchase of goods from vendors, tariff guarantee and stored value in advance, with guarantee amounts of \$1,574,383 thousand and \$2,000,000 thousand, respectively.
- (d) The Company will rent 15 warehouse units located in The Post Logistic Center, Post Logic Park from Chunghwa Post Co., Ltd. on August 1, 2022 because the Company has won the bidding of the contract of the park in the second quarter, 2019. The lease term is 15 years and the annual rental fee is \$331,094 thousand. The rental fee will be adjusted yearly based on the Price Index of the year.
- (e) As of December 31, 2021 and 2020, due to the issuance of secured convertible bonds, the Group has entered into an agreement with a bank for providing guarantee; the amount of guarantee agreed therein was both \$1,500,000 thousand.
- (f) As of December 31, 2021, the Company has paid \$432,427 thousand for acquiring property, plant and equipment, and unrecognized relevant contractual commitments of the acquisition of property, plant and equipment amounting to \$1,352,570 thousand.

**(10) Significant Catastrophic Losses: None.**

**(11) Significant Subsequent Events: None.**

**(12) Others**

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

Categorized as Nature	For the year ended December 31, 2021			For the year ended December 31, 2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	42,024	1,203,304	1,245,328	39,024	1,133,267	1,172,291
Labor and health insurance	4,391	116,804	121,195	3,781	103,248	107,029
Pension	2,232	57,379	59,611	1,991	53,887	55,878
Remuneration of directors	-	6,098	6,098	-	3,320	3,320
Other employee benefits	3,010	86,102	89,112	1,589	63,381	64,970
Depreciation	6,569	570,792	577,361	6,282	585,222	591,504
Amortization	265	22,377	22,642	364	24,910	25,274

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Additional information about the numbers of the Company's employees and employee benefits was as follows:

	<b>2021</b>	<b>2020</b>
The average numbers of the Company's employees	<b>1,827</b>	<b>1,750</b>
The number of non-employee directors	<b>4</b>	<b>3</b>
The average employee benefits	<b>\$ 831</b>	<b>\$ 801</b>
The average employee salary	<b>\$ 683</b>	<b>\$ 671</b>
The adjustment on the average salary	<b>1.79 %</b>	<b>10.91 %</b>

The Company's salary compensation policy (including the directors, managers and employees) is as follow:

(a) Procedures for the determination of directors' remuneration

1. Remuneration for performing business

The expenses incurred by the Company for the board of directors meeting, such as transportation allowance or other related expenses, shall be paid with the approval of the general manager, and any other professional remuneration shall be submitted by the general manager to the remuneration committee for review and approved by the board of directors.

2. Annual earnings distribution

The remuneration committee of the Company shall propose an earning distribution proposal based on the degree of participation of the directors and supervisors in the operation of the Company and the value of their contributions to the Company, and then submit it to the board of directors for approval. The fixed remuneration standard for independent directors is approved by the Company's 2005 shareholders meeting in accordance with Article 196 of the Company Act, and then the remuneration of independent directors is deducted from the annual earning distribution.

(b) Compensation policy for managers and employees

1. Business model and the importance of talent

The Company continues to actively develop all kinds of virtual and real integration business, including expanding the layout of intelligent warehousing and logistics system; opening its own logistics services to the outside; starting fresh food E-commerce services; accelerating cross-border business and cross-industry alliances; starting O2O layout; deeply applying forward-looking technologies such as big data, artificial intelligence and the Internet of Things, focusing on service innovation, accelerating the integration of internal and external resources of the group, developing network services for the benefit of all kinds of society and consumers, and achieving long-term profit growth. Therefore, how to attract and retain excellent employees who are in line with the company's strategic values is the most important issue for the Company's future growth.



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2. Purpose

The main purpose of the Company's strategic salary design is to support the Company's short and long term strategic purpose, and to effectively recruit, motivate and retain talent. In addition to complying with the principles of fairness and consistency internally, it should also reflect a performance-oriented culture to match the Company's current and future overall salary level of the organizational structure; externally, it is necessary to maintain the Company's overall salary level and reward system to ensure the competitiveness of the Company in E-commerce industry.

3. The main reasons for the salary policy decision

The Company's salary policy depends on the Company's overall salary position in the market and the results of the industry salary survey. The main reasons for the Company's salary policy are as follows:

1) The position of the overall salary of the Company in the market

The salary level of the Company depends on the position level, job attributes, and the difficulty of replacement, to make different market positioning.

2) Survey of industry salary

The purpose of salary survey is to understand the current situation of salary in the market, and use the results of the survey as the basis for the adjustment of salary level, salary mix form or structure, or for the evaluation of salary for special talents or new positions, so as to ensure the competitive advantage of the company in human resources.

The Company's salary survey is based on salary survey reports of external consultants in the retail industry.

3) Internal fairness of salary policy

The Company's salary policy is based on the level of position, job attributes or personal conditions, mainly based on the job or employee's relative contribution to the value of the enterprise to determine the salary. Consistent benchmarks are based on the systematic collection and analysis of various job responsibilities and basic qualifications of employees in the organization, and compile a "Job Description", which serves as the main reference for pay and salary structure.

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**(13) Additional Disclosures**

**(a) Information on significant transactions**

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the years ended December 31, 2021:

**1. Fund financing to other parties:**

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

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
0	The Company	Miho International Cosmetic Co., Ltd.	Other receivables	Yes	8,500	8,500	8,500	1.65 %	2	-	Operating Capital	-	Repayment of promissory note	8,500	2,530,692	2,530,692
0	"	21st Century Technology Co., Ltd.	Other receivables	Yes	350,000	350,000	-	2.25 %	2	-	Operating Capital	-	-	-	2,530,692	2,530,692
1	PChome CB Co., Ltd.	PChome Bibian Inc.	Other receivables	Yes	10,000	-	-	1.30 %	2	-	Operating Capital	-	-	-	78,312	78,312
2	YunTan technology Inc.	insure broker Inc.	Other receivables	Yes	4,000	-	-	2.616 %	2	-	Operating Capital	-	-	-	8,735	8,735
3	PChome eBay Co., Ltd.	PChome US Inc.	Other receivables	Yes	15,000	15,000	15,000	1.20 %	2	-	Operating Capital	-	-	-	333,093	333,093

Note 1: For those companies with business contact, please fill in 1. For those companies with short-term financing needs, please fill in 2.

Note 2: The Company's total fund financing amount for individual party cannot exceed 40% of its net asset value.

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

**2. Guarantees and endorsements for other parties:**

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

No. (Note 1)	Name of company	Counter-party		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent Company endorsement/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsement/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 3)										
0	The Company	Linktel Inc.	2	3,163,365	8,552	2,460	2,460	-	0.04 %	6,326,730	Y	N	N
0	"	Pi Mobile Technology Inc	2	3,163,365	300,000	300,000	300,000	-	4.74 %	6,326,730	Y	N	N
0	"	PChome Store Inc.	2	3,163,365	440,000	200,000	125,000	-	3.16 %	6,326,730	Y	N	N
0	"	Pchome Bibian Inc.	2	3,163,365	120,150	120,150	72,090	-	1.90 %	6,326,730	Y	N	N

Note 1: 0 is issuer.

Note 2: Highest balance during the period cannot exceed 50% of net asset value, and the maximum amount of endorsement cannot exceed net asset value.

Note 3: Relationship with the Company

- The companies with which it has business relations.
- Subsidiaries in which the company directly or indirectly holds more than 50% of its total outstanding common stocks.
- The parent company which directly or indirectly holds more than 50% of its voting rights.
- Subsidiaries in which the company directly or indirectly holds more than 90% of its voting rights.
- Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
- Companies in same type of business providing guarantees of pre-sale contracts according to the regulation.

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3. Information regarding securities held at balance sheet date:

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

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Note
				Number	Book value	Percentage	Market value	
	Common Stock:							
PChome Online Inc.	Syspower Corporation	-	FVOCI	906,335	25,685	3.72 %	25,685	
"	Openfind Information Technology, Inc.	-	"	800,000	52,312	6.22 %	52,312	
"	Career Consulting Co., Ltd.	-	"	113,005	3,165	0.72 %	3,165	
"	ECROWD MEDIA INC.	-	"	3,725,645	44,820	18.39 %	44,820	
"	IPEVO Corp.	-	"	1,958,018	143,855	7.19 %	143,855	
"	Famicloud Inc.	-	"	57,000	3,094	1.14 %	3,094	
"	Taiwan Advance Intelligent Tech. Co., Ltd.	-	"	1,732,102	6,253	4.75 %	6,253	
"	Miho International Cosmetic Co., Ltd.	-	"	7,500,000	95,325	8.09 %	95,325	
"	Influensio Limited (BVL)	-	"	9,915	8,000	3.98 %	8,000	
"	Mdata Group Co., LTD.	-	"	126,011	20,000	2.96 %	20,000	
"	AccuHit Tech Holdings Limited	-	"	416,667	20,872	3.66 %	20,872	
	Preferred stock:							
"	Pickupp Limited	-	"	650,644	82,765	3.17 %	82,765	
"	FunNow Ltd.	-	"	130,662	41,960	2.97 %	41,960	
"	AccuHit Tech Holdings Limited	-	"	1,400,000	97,440	12.28 %	97,440	
	Convertible bonds:							
"	Our Agriculture Inc.	-	"	-	8,336	- %	8,336	
	Common stock:							
Linktel Inc.	Eastern Online Co., Ltd	-	FVPL	118,750	-	- %	-	
"	TAIWAN STAR TELECOM CORPORATION LIMITED	-	"	3,942	-	- %	-	
"	PAYEASY DIGITAL INTEGRATION CO., LTD.	-	"	5,437,762	-	12.51 %	-	
"	17LIFE INC.	-	"	1,126,049	-	6.26 %	-	
	Convertible bonds:							
Chunghwa PChome Fund 1 Co., Ltd.	Traveler Co., Ltd.	-	"	-	5,910	- %	5,910	
"	Hard Core Technology Corp.	-	"	-	22,734	- %	22,734	
"	Tresl Inc.	-	"	-	8,640	- %	8,640	
"	Our Agriculture Inc.	-	"	-	11,228	- %	11,228	
"	Instill Ai Ltd.	-	"	-	4,202	- %	4,202	
	Preferred stock:							
"	FP International Limited	-	"	56,050	12,070	2.47 %	12,070	
"	Ecommerce Enablers Pte. Ltd.	-	"	142,813	29,606	0.26 %	29,606	
"	USPACE TECH CO., LTD.	-	"	1,695,873	61,051	17.20 %	61,051	
"	Our Agriculture Inc.	-	"	7,400,000	15,614	8.05 %	15,614	

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Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Note
				Number	Book value	Percentage	Market value	
Chunghwa PChome Fund 1 Co., Ltd.	Moovo Mobility Inc.	-	FVPL	294,118	14,255	2.04 %	14,255	
"	Pickupp Limited	-	"	131,179	27,451	0.72 %	27,451	
"	Return Helper Limited	-	"	4,168	9,755	12.20 %	9,755	
"	Aiello Inc.	-	"	4,103,065	12,153	2.73 %	12,153	
"	Haulio Pte. Ltd.	-	"	362,189	5,558	0.93 %	5,558	
	Common Stock:							
Pi Technology Inc.	All Win Fintech Company Limited	-	FVOCI	11,400,000	114,000	15.00 %	114,000	

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

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

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

Note 1: The market securities listed under account investment, using the equity method, is exempted from disclosure.

Note 2: The aforementioned transaction of subsidiary have been eliminated in the consolidated financial statements.

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

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
PChome Online Inc.	Pi Mobile Technology Inc.	Subsidiary	615,449	- %	-		615,449	-

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

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(b) Information on investees:

For the years ended December 31, 2021, the following was the information on investees (excluding investees in Mainland China) :

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(Expressed in, Unless Otherwise Specified)**

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
PChome eBay Co., Ltd.	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	205,200	205,200	1,305,766	3.06 %	3,290	(389,963)	(21,876)	
"	PChome Store Inc.	"	Internet services	632,258	632,258	11,896,486	22.16 %	(32,086)	(21,513)	(4,767)	
"	ECOSMOS PTE. LTD.	Singapore	Information processing and provision of electronic information	9,153	-	3,300,000	100.00 %	8,733	(401)	(401)	
"	21st Century Technology Co., Ltd.	Taiwan	Financial technology services	9,012	-	389,065	0.87 %	7,162	13,631	39	Note 5
Pi Mobile Technology Inc.	Pay and Link Inc.	"	Electronic payment business	500,388	500,388	50,100,000	100.00 %	288,925	(39,730)	(39,730)	
"	Yun Tung Bao International Co., Ltd.	"	Online payment processing services	3,000	3,000	300,000	100.00 %	2,545	(37)	(37)	
PC HOME ONLINE INTERNATIONAL CO., LTD.	PCHOME ONLINE INC.	Cayman Islands	International trade and investment activities	25,311	25,311	10,000,000	100.00 %	3,874	(855)	(855)	
PCHOME ONLINE INC.	PC HOME ONLINE (HK) LTD.	Hong Kong	Information service and indirect investment activities	25,140	25,140	5,641,239	100.00 %	6,252	(626)	(626)	
PC HOME ONLINE (HK) LTD.	Ruten Japan KK	Japan	Information processing and provision of electronic information	-	5,438	-	- %	-	(21,501)	(510)	Note 2
ECOMMERCE GROUP CO., LTD.	RUTEN GLOBAL INC.	Cayman Islands	Investment activities	-	831,606	-	- %	-	41,156	32,381	Note 3
RUTEN GLOBAL INC.	EC Global Limited	Hong Kong	Investment activities	-	22,740	-	- %	-	(224)	(254)	Note 4
"	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	779,688	27,300,000	65.00 %	546,279	83,358	54,195	
"	Ruten Japan KK	Japan	Information processing and provision of electronic information	-	68,124	-	- %	-	(21,501)	(8,173)	Note 2
PChome Holding Inc.	PChome Marketplace Inc.	Cayman Islands	Investment activities	1,043,763	1,169,090	38,335,000	100.00 %	972,154	(16,608)	(16,608)	
PChome Marketplace Inc.	PChome Japan KK	Japan	International trading E-commerce	37,580	119,330	43,500,000	100.00 %	14,492	(3,403)	(3,403)	
"	PChome Store Inc.	Taiwan	Internet services	998,758	998,758	19,206,893	35.78 %	(337,812)	(21,513)	(7,697)	
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	"	Internet services	127,000	127,000	2,900,000	100.00 %	136,533	8,143	8,143	
"	PCHOME CB PTE. LTD.	Singapore	Internet services	59,698	59,698	190,000	100.00 %	46,377	9,477	9,477	
PCHOME CB PTE. LTD.	PChome Bibian Inc.	Japan	E-commerce cross-border services	51,069	51,069	18,000,000	100.00 %	40,529	9,550	9,550	
YunTan technology Inc.	einsure insurance broker Inc.	Taiwan	Insurance brokers	38,600	8,600	4,500,000	100.00 %	17,067	(5,668)	(5,668)	
21st Century Technology Co., Ltd.	FAN7 TOUR CO., LTD.	"	Travel agency business	6,000	6,000	600,000	100.00 %	4,577	(71)	(71)	
"	21st Century Digital Technology Co., Ltd.	"	Financial technology services	1,000	-	100,000	100.00 %	1,000	-	-	
"	Pi Mobile Technology Inc.	"	Online payment processing services	141,079	-	22,861,085	53.59 %	57,613	(389,963)	(83,466)	

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(Expressed in, Unless Otherwise Specified)**

(c) Information on investment in Mainland China:

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

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Approved investment (amount) by Ministry of Economic Affairs Investment Commission	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission
-	53,403	3,796,038

Note 1: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 27.67 at the year ended December 31, 2021.

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

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

3. Significant transactions: None.

(d) Major shareholders:

(Unit: Share)

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

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

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

**(14) Segment Information**

Please refer to the consolidated financial report for the years ended December 31, 2021.

**PChome Online Inc.**  
**STATEMENT OF CASH AND CASH EQUIVALENTS**  
**December 31, 2021**  
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash and cash equivalents		\$ 719
Checking accounts		40,506
Savings accounts		4,141,705
Foreign currency deposits	USD31 @ 27.67	11,360
	EUR86 @ 31.32	
	HKD7 @ 3.55	
	THB2 @ 0.83	
	CNY37 @ 4.33	
Time deposits	From January 10, 2022 to December 30, 2022 (maturity date) Interest Rate: 0.10%~0.76%	534,000
Total		<u>\$ 4,728,290</u>

**STATEMENT OF ACCOUNTS AND NOTES RECEIVABLE**

Client Name	Description	Amount	Note
Related parties :			
Pi Mobile Technology Inc.		\$ 615,449	
Others		<u>5,743</u>	Note
Subtotal		<u>621,192</u>	
Non-related parties :			
NCCC		127,156	
Others		<u>337,503</u>	Note
Subtotal		464,659	
Less : Allowance for impairment loss		<u>(506)</u>	
Net amount		<u>464,153</u>	
Total		<u>\$ 1,085,345</u>	

Note: The amount of individual client included in others does not exceed 5% of the account balance.



**PChome Online Inc.**  
**STATEMENT OF OTHER RECEIVABLES**  
**December 31, 2021**  
(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Interest receivable	Interest revenue from bank deposit	\$ 219	
Other receivables	Incentive receivable	137,388	
	Grants receivable	185,138	
	Other	1,872	
Other receivables-related parties	Fund financing	8,512	
	Other	<u>28,651</u>	
Total		<u><u>\$ 361,780</u></u>	

**STATEMENT OF INVENTORIES**

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net Realizable Value</u>	
Merchandise inventories			
Electronic commerce merchandise	\$ 1,739,760	1,734,160	Note
Less : Allowance for inventory valuation and obsolescence losses	<u>(5,600)</u>	<u>-</u>	
	<u><u>\$ 1,734,160</u></u>	<u><u>1,734,160</u></u>	

Note : The market price is determined by the net realizable value.

PChome Online Inc.

STATEMENT OF CHANGES IN FINANCIAL ASSETS  
MEASURED AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME-NON-CURRENT

For the Year Ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2021		Additions		Decrease		Balance, December 31, 2021		Collateral	Note
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
Syspower Corporation	744,118	\$ 19,295	162,217	6,390	-	-	906,335	25,685	None	
Openfind Information Technology Inc.	800,000	32,816	-	19,496	-	-	800,000	52,312	"	
Career consulting Co., Ltd.	113,005	2,273	-	892	-	-	113,005	3,165	"	
ECROWD MEDIA INC.	3,725,645	29,246	-	15,574	-	-	3,725,645	44,820	"	
IPEVO Corp.	1,566,415	61,497	391,603	82,358	-	-	1,958,018	143,855	"	
Famicloud Inc.	500,000	4,325	-	-	-	1,231	500,000	3,094	"	
Miho International Cosmetics Co., Ltd	7,500,000	89,325	-	6,000	-	-	7,500,000	95,325	"	
Taiwan Advance Intelligent Tech. Co., Ltd.	1,732,102	9,648	-	-	-	3,395	1,732,102	6,253	"	
Pickupp Limited	-	-	650,644	82,765	-	-	650,644	82,765	"	
Our Agriculture Inc.	-	-	-	8,336	-	-	-	8,336	"	
Influenxio Limited (BVI.)	-	-	9,915	8,000	-	-	9,915	8,000	"	
Mdata Group Co., LTD.	-	-	126,011	20,000	-	-	126,011	20,000	"	
FunNow Ltd.	-	-	130,662	41,960	-	-	130,662	41,960	"	
AccuHit Tech Holdings Limited	-	-	1,816,667	118,312	-	-	1,816,667	118,312	"	
Total		\$ 248,425		410,083		4,626		653,882		

PChome Online Inc.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

For the Year Ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Name of Company	Balance, January 1, 2021			Additions			Decrease			Balance, December 31, 2021			Market Price or Net Assets				
	Shares	Amount		Shares	Amount		Shares	Amount		Shares	Amount	%	Amount	Unit price	Collateral	Total	Note
ECCOMMERCE GROUP CO., LTD.	349,508,366	\$ 502,384		-	-		349,508,366	502,384		-	-	-	-	-	None	-	
PChome Store Inc.	18,435,220	(238,108)		-	-		-	7,390		18,435,220	(245,498)	34.35 %	(245,498)	-	"	(245,498)	"
Linktel Inc.	17,325,940	68,316		-	-		10,494,336	16,907		6,831,604	51,409	100.00 %	51,409	-	"	51,409	"
PChome (Thailand) Co., Ltd.	13,249,999	58,243		-	-		-	25,669		13,249,999	32,574	66.25 %	32,574	-	"	32,574	"
IT Home Publications Inc.	5,014,802	54,845		-	-		-	2,024		5,014,802	56,869	100.00 %	56,869	-	"	56,869	"
PC HOME ONLINE INTERNATIONAL CO., LTD.	122,328	3,241		-	-		-	857		122,328	2,384	100.00 %	2,384	-	"	2,384	"
Pi Mobile Technology Inc.	34,488,513	396,109		-	-		21,555,320	363,513		12,933,193	32,596	30.32 %	32,596	-	"	32,596	"
PCHOME US INC.	45,800,000	6,948		-	-		-	1,261		45,800,000	5,687	91.97 %	5,687	-	"	5,687	"
PChome Travel Inc.	3,600,000	21,513		-	-		-	2,849		3,600,000	18,664	100.00 %	18,664	-	"	18,664	"
Rakuya International Info. Co. Ltd.	3,035,115	19,432		-	-		-	12,612		3,035,115	32,044	26.47 %	32,044	-	"	32,044	"
PChome Financial Technology Inc.	1,000,000	4,048		-	-		-	95		1,000,000	3,953	100.00 %	3,953	-	"	3,953	"
PChome Holding Inc.	385,000,000	(204,028)		-	-		49,319,154	27,505		335,680,846	(231,533)	100.00 %	(231,533)	-	"	(231,533)	"
Cornerstone Ventures Co., Ltd.	510,000	6,306		-	-		-	551		510,000	6,857	51.00 %	6,857	-	"	6,857	"
Chunghua PChome Fund I Co., Ltd.	20,000,000	192,856		-	-		-	29,302		20,000,000	222,158	50.00 %	222,158	-	"	222,158	"
PChome Express Co., Ltd.	20,000,000	157,488		-	-		-	10,743		20,000,000	146,745	100.00 %	146,745	-	"	146,745	"
PChome CB Co., Ltd.	14,000,000	128,161		-	-		-	8,885		14,000,000	137,046	70.00 %	137,046	-	"	137,046	"
Mitch Co., Ltd.	16,200,000	116,581		-	-		-	54,412		16,200,000	62,169	60.00 %	62,169	-	"	62,169	"
YunTan technology Inc.	-	-		1,261,628	49,118		-	-		1,261,628	49,118	70.00 %	49,118	-	"	49,118	"
21st Century Technology Co., Ltd.	-	-		20,142,614	4,030,342		-	-		20,142,614	4,030,342	44.84 %	4,030,342	-	"	4,030,342	"
PChome Data Technology Co., Ltd.	-	-		500,000	4,949		-	-		500,000	4,949	100.00 %	4,949	-	"	4,949	"
EC Global Limited	-	-		7,494,642	6,196		-	-		7,494,642	6,196	100.00 %	6,196	-	"	6,196	"
RUTEN GLOBAL INC.	-	-		266,063,307	549,922		-	-		266,063,307	549,922	100.00 %	549,922	-	"	549,922	"
Ruten Japan KK	-	-		36,044,850	7,488		-	-		36,044,850	7,488	28.49 %	7,488	-	"	7,488	"
		<u>\$ 1,294,335</u>			<u>4,701,389</u>			<u>1,013,585</u>			<u>4,982,139</u>					<u>4,982,139</u>	

Note: When there is no open market price at the December 31, 2021, the market price is determined by the net assets.

**PChome Online Inc.**  
**STATEMENT OF ACCOUNTS PAYABLES**  
**December 31, 2021**  
**(In Thousands of New Taiwan Dollars)**

<u>Name of Client</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related parties :			
Others		\$ 6,049	Note
Non-related parties :			
Supplier A		408,864	
Others		<u>3,380,816</u>	Note
Total		<u>\$ 3,795,729</u>	

Note: The amount of the individual supplier in others does not exceed 5% of the total amount.

**STATEMENT OF OTHER AND LONG TERM PAYABLES**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Accrued expense	Salaries	\$ 300,174	
	Logistic expense	102,594	
	Compensation of board and directors	2,660	
	Advertising and promotion fees	310,017	
	Others	<u>158,001</u>	
	Subtotal	<u>873,446</u>	
Other payables	Acquisition of property, plant and equipment	8,347	
	Estimated sales returns	94,341	
	Acquisition of subsidiaries	546,511	
	Others	<u>36,887</u>	
	Subtotal	<u>686,086</u>	
Long term payables	Acquisition of subsidiaries	<u>549,438</u>	
Total		<u>\$ 2,108,970</u>	

**PChome Online Inc.**  
**STATEMENT OF OPERATING COSTS**  
**For the Year Ended December 31, 2021**  
(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>	
	<u>Subtotal</u>	<u>Total</u>
Cost of goods sold - Electronic commerce merchandise		
Balance of inventory, beginning of year	\$ 1,787,970	
Add : Purchase	<u>40,372,604</u>	42,160,574
Less : Loss on disposal of scrap		(6,103)
Loss on physical inventory		(3,663)
Balance of inventory, ending of year		<u>(1,739,760)</u>
Cost of goods sold - Electronic commerce merchandise		40,411,048
Portal site service costs		32,337
Editing and network technology costs		135,046
Gain from recovery of on inventory market price decline and obsolescence		(7,846)
Loss on disposal of scrap		6,103
Loss on physical inventory		3,663
Service cost		<u>11,070</u>
Operating Costs		<u><u>\$ 40,591,421</u></u>

**PChome Online Inc.**  
**STATEMENT OF EDITING AND INTERNET  
TECHNOLOGY COSTS**

**For the Year Ended December 31, 2021**

**(In Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Salaries		\$ 42,024
System maintenance expense		7,811
Content usage expense		292
Bandwidth expense		75,913
Insurance expense		4,390
Meal expense		1,701
Unpaid bonuses		683
Pension		2,232
Total		<u>\$ 135,046</u>

**STATEMENT OF OPERATING EXPENSES**

<u>Item</u>	<u>Selling expenses</u>	<u>Administration expenses</u>	<u>Research and development expenses</u>	<u>Total</u>
Salaries	\$ 815,530	208,167	179,607	1,203,304
Advertisement expense	838,562	514	-	839,076
Depreciation expense	468,772	14,485	87,534	570,791
Freight	461,231	54	3	461,288
Fee expense	288,825	7,642	2	296,469
Salary of dispatched personnel	236,291	-	-	236,291
Insurance expense	113,514	12,284	17,956	143,754
Other expenses	1,011,347	104,144	64,866	1,180,357
Total	<u>\$ 4,234,072</u>	<u>347,290</u>	<u>349,968</u>	<u>4,931,330</u>

Note 1: Changes in the cost and accumulated depreciation of property, plant and equipment, please refer to Note (6)(h).

Note 2: Changes in the cost and accumulated depreciation of right-of use assets, please refer to Note (6)(i).

## Representation Letter

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

Company Name: PChome Online Inc.

Chairman: Hung-Tze Jan

Date: February 25, 2022



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, 2021 and 2020, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

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

### Key Audit Matters

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

#### 1. Revenue recognition

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

#### Key Audit Matters Explanation:

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





How the matter was addressed in our audit:

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

## **Other Matter**

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

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

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

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

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

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

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

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

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



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

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

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

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

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

KPMG

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

#### **Notes to Readers**

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

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



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

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

		2021		2020	
		Amount	%	Amount	%
4111	Sales revenue	\$ 49,358,396	102	44,500,172	101
4170	Less: Sales returns	779,029	2	630,320	1
	<b>Operating revenue, net (Note (6)(u))</b>	48,579,367	100	43,869,852	100
5000	<b>Operating costs (Note (6)(e))</b>	43,023,627	89	38,875,441	89
	<b>Gross profit from operations</b>	5,555,740	11	4,994,411	11
	<b>Operating expenses:</b>				
6100	Selling expenses	4,128,606	8	3,715,350	8
6200	Administrative expenses	575,513	1	431,417	1
6300	Research and development expenses	553,476	1	530,804	1
6450	Expected credit loss (Note (6)(d))	56,668	-	552	-
	<b>Total operating expenses</b>	5,314,263	10	4,678,123	10
6500	<b>Net other income</b>	-	-	16	-
	<b>Net operating income</b>	241,477	1	316,304	1
	<b>Non-operating income and expenses (Note (6)(w)):</b>				
7100	Interest income	9,613	-	10,921	-
7010	Other income	77,422	-	57,203	-
7020	Other gains and losses	62,598	-	(8,210)	-
7050	Finance costs	(54,843)	-	(54,742)	-
7060	Shares of loss of associates and joint ventures accounted for using equity method	2,336	-	(17,108)	-
	<b>Total non-operating income and expenses</b>	97,126	-	(11,936)	-
	<b>Profit from continuing operations before tax</b>	338,603	1	304,368	1
7950	<b>Less: Tax expense (Note (6)(q))</b>	276,358	1	83,494	-
	<b>Profit</b>	62,245	-	220,874	1
	<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	(3,175)	-	9,064	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (Note (6)(x))	126,085	-	28,086	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	635	-	(1,813)	-
	<b>Items that may not be reclassified subsequently to profit or loss</b>	123,545	-	35,337	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign statements	(38,563)	-	(93,767)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Items that may be reclassified subsequently to profit or loss</b>	(38,563)	-	(93,767)	-
	<b>Other comprehensive income (loss), net of tax</b>	84,982	-	(58,430)	-
8500	<b>Total comprehensive income</b>	\$ 147,227	-	162,444	1
	<b>Profit (loss), attributable to:</b>				
8610	Profit, attributable to owners of parent	\$ 97,442	-	252,794	1
8620	Loss, attributable to non-controlling interests	(35,197)	-	(31,920)	-
		\$ 62,245	-	220,874	1
	<b>Comprehensive income attributable to:</b>				
8710	Comprehensive income, attributable to owners of parent	\$ 325,552	-	195,425	1
8720	Comprehensive loss, attributable to non-controlling interests	(178,325)	-	(32,981)	-
		\$ 147,227	-	162,444	1
	<b>Earnings per share (Note (6)(t))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	\$ 0.84		2.16	
9850	<b>Diluted earnings per share (NT dollars)</b>	\$ 0.80		1.95	

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

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the years ended December 31, 2021 and 2020  
 (Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent						Other Equity Interest		Total Equity
	Share capital	Retained Earnings			Unrealized gains (losses) from financial assets	measured at fair value through other comprehensive income	Treasury Shares	Total Equity Attributable to Owners of Parent	
	Ordinary Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Unearned Employee Compensation	Non-controlling Interests	
<b>Balance at January 1, 2020</b>	\$ 1,171,595	1,722,411	-	-	100,564	(24,825)	73,023	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)	(68,430)
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	11,000	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	724,356	4,084,002
Profit (Loss) for the year ended December 31, 2021	-	-	-	-	97,442	-	-	(35,197)	62,245
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(2,540)	104,565	126,085	(143,128)	84,982
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	94,902	104,565	126,085	(178,325)	147,227
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	28,379	-	(28,379)	-	-	-	-
Special reserve appropriated	-	-	-	40,168	(40,168)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(153,737)	-	-	-	(153,737)
Changes in equity of associates and joint ventures accounted for using equity method	-	3,934	-	-	-	-	-	-	3,934
Capital increase by cash	93,764	906,236	-	-	-	-	-	-	1,000,000
Conversion of convertible bonds	-	108,414	-	-	-	-	-	-	119,394
Purchase of treasury share	-	-	-	-	-	-	-	(108,254)	(108,254)
Changes in ownership interests in subsidiaries	-	1,720,903	-	-	-	-	-	10,498	1,731,401
Share-based payment transactions	(2,200)	14,454	-	-	-	-	16,146	-	59,292
Changes in non-controlling interests	-	-	-	-	-	-	-	771,051	771,051
<b>Balance at December 31, 2021</b>	\$ 1,274,159	4,692,857	44,623	40,168	158,719	(12,414)	202,896	1,327,580	7,654,310

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

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

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

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

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**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

**(1) Organization and Business**

PChome Online Inc. (the Company) was incorporated on July 14, 1998. The primary business scope of the Company and its subsidiaries (together referred to as the Group) includes software design, digital information supply, data processing, and wholesaling and retailing of office machinery, equipment, and information software.

On August 30, 2004, the board of directors of the GreTai Securities Market approved the Company's application for stock listing, and it became officially listed and traded on January 25, 2005.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 25, 2022.

**(3) New Standards and Interpretations Not Yet Adopted:**

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

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

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

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

**(4) Summary of Significant Accounting Policies**

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

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



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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

(a) Statement of compliance

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

(b) Basis of preparation

1. Basis of measurement

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

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Cash-settled share-based payment liabilities are measured at fair value;
- 4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited.

2. Functional and presentation currency

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

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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

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

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

2. List of subsidiaries in the consolidated financial statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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(d) Foreign Currency

1. Foreign currency transaction

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

2. Foreign operations

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

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

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

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

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

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

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

(g) Financial instruments

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

1. Financial assets

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

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

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1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

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

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4) Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).



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6) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

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

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

7) Derecognition of financial assets

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

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

2. Financial liabilities and equity instruments

1) Compound financial instruments

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

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

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

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

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2) Financial liabilities

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

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

3) Derecognizing of financial liabilities

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

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

4) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

(j) Property, plant, and equipment

1. Recognition and measurement

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

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

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

2. Subsequent cost

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

3. Depreciation

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

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

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

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

(k) Leases

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

1. As a lessee

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

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

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

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

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

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

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

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- 3) there is a change of its assessment on a purchase option; or
- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modifications

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

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

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

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

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

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

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022;
- and there is no substantive change in other terms and conditions of the lease.

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

2. As a lessor

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

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

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

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

(l) Intangible assets

1. Recognition and measurement

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

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

2. Subsequent expenditure

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

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3. Amortization

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

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

Software	3~5 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

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

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

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

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

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

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



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(n) Revenue

Revenue from contracts with customers

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

1) Sale of goods - consumer electronics

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

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

2) Services

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

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

3) Interest revenue from installment transactions

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

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(o) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Short-term employee benefits

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

(p) Share-based payment

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

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

(q) Income taxes

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

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

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

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

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

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

(r) Business combination

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

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

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

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

(s) Earnings per share

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

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

(t) Operating segments

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

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

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

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

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

(a) Judgment regarding control of subsidiaries

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

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

(a) Impairment of goodwill

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

**(6) Explanation to Significant Accounts**

(a) Cash and cash equivalents

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

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

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

	<u>2021.12.31</u>	<u>2020.12.31</u>
Mandatorily measured at fair value through profit or loss:		
Preferred stocks	\$ 187,513	66,745
Foreign convertible bonds	52,714	33,568
Embedded derivative-call options	<u>3,999</u>	<u>1,500</u>
Total	<u>\$ 244,226</u>	<u>101,813</u>
	<u>2021.12.31</u>	<u>2020.12.31</u>
Current	\$ 52,714	33,568
Non-current	<u>191,512</u>	<u>68,245</u>
Total	<u>\$ 244,226</u>	<u>101,813</u>

- 1.The Group acquired convertible bonds of and for \$0 thousand and \$10,000 thousand in the third quarter of 2020.
- 2.The Group holds preferred stocks issued by domestic and foreign unlisted companies, all of which are non-cumulative preferred stocks with shareholder voting rights, and the dividends are paid at the agreed annual rate, which is adjusted and reset periodically in accordance with the agreed period. Most of the shares have the liquidation preference. According to the ranking order of the preferred stocks, if the targets must be liquidated while the Group holds their preferred stocks, the Group will have the opportunity to get the dividends which are same as the investment amount.
- 3.The maturity period of the foreign convertible bonds, which are issued by the foreign companies and held by the Group, was from 2022 to 2023, while the conversion period will start from 2022 to 2023.
- 4.The Group issued secured convertible bonds in the fourth quarter,2020. Relevant information please refer to Note (6)(o).
- 5.Relevant information for the price risk please refer to Note (6)(x).
- 6.Abovementioned financial assets designated at fair value through profit or loss of the Group had not been pledged as collateral.

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

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

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- 1.The Group holds these equity instruments, which are not held for trading at designated fair value through other comprehensive income, for long-term strategic purposes.
- 2.The Group has obtained three of the nine director seats on the board of directors of Miho International Cosmetic Co., Ltd. since July 1, 2020, and acquired significant influence over that company from that date. Therefore, the Group transferred this investment from non-current financial assets at fair value through other comprehensive income to investments accounted for using the equity method. The fair value at the time of disposal was \$99,300 thousand, and the disposal profit amounted to \$24,300 thousand. The accumulated disposal profit has been transferred from other equity interests to retained earnings. Since two of the three abovementioned directors resigned at December 9, 2021, the Group loss the significant influence over that company from that date. The Group transferred this investment from investments accounted for using the equity method to non-current financial assets at fair value through other comprehensive income. Relevant information please refer to Note (6)(f).
- 3.For the relevant information about preferred stocks and foreign convertible bonds that are held by the Group, please refer to Note (6)(b).
- 4.For the market price risk, please refer to Note (6)(x).
- 5.Abovementioned financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.

(d) Notes and accounts receivables, other receivables and long-term receivables

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

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

	<b>2021.12.31</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 4,247,456	0.004%~0.29%	8,482
Past under 180 days	394,988	10%~100%	34,402
Over 181 days past due	<u>209,803</u>	15%~100%	<u>207,091</u>
	<u><u>\$ 4,852,247</u></u>		<u><u>249,975</u></u>
	<b>2020.12.31</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,858,372	0.004%~0.29%	108
Past under 180 days	1,981	10%~100%	374
Over 181 days past due	<u>4,597</u>	15%~100%	<u>680</u>
	<u><u>\$ 1,864,950</u></u>		<u><u>1,162</u></u>

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

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



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

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

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

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

(e) Inventories

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

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The details of operating cost were as follows:

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

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

(f) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Associates	<u>\$ 39,532</u>	<u>34,432</u>

1. Associates

Associates to the Group consisted of the followings:

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights	
			2021.12.31	2020.12.31
Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	Taiwan	26.47 %	26.47 %
Ruten Japan KK	Information processing and provision of electronic information	Japan	28.49 %	49.00 %

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

2. Collateral

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

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(g) Acquisition of subsidiary

1. YunTan technology Inc.

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

2) Acquisition of identifiable asset and liabilities assumed

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

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

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

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

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

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

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2. 21st Century Technology Co., Ltd.

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

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

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

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

- 2) Acquisition of identifiable asset and liabilities assumed.

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

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

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

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

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

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

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

(h) Material non-controlling interests of subsidiaries

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

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

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

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

	<u>2021.12.31</u>	<u>2020.12.31</u>
Current assets	\$ 1,308,223	912,730
Non-current assets	46,583	86,610
Current liabilities	(522,075)	(246,590)
Non-current liabilities	-	(5,763)
Net assets	<u>\$ 832,731</u>	<u>746,987</u>
Non-controlling interests	<u>\$ 291,456</u>	<u>261,446</u>
	<u>2021</u>	<u>2020</u>
Operating revenue	<u>\$ 952,561</u>	<u>893,101</u>
Net profit	\$ 83,377	77,899
Other comprehensive income	(18)	790
Total comprehensive income	<u>\$ 83,359</u>	<u>78,689</u>
Profit, attributable to non-controlling interests	<u>\$ 29,182</u>	<u>27,265</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 29,175</u>	<u>27,541</u>

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

	<u>2021.12.31</u>	<u>2020.12.31</u>
Current assets	\$ 257,811	319,322
Non-current assets	187,513	66,745
Current liabilities	(1,008)	(354)
Net assets	<u>\$ 444,316</u>	<u>385,713</u>
Non-controlling interests	<u>\$ 222,158</u>	<u>192,856</u>
	<u>2021</u>	<u>2020</u>
Net profit (loss)	\$ 58,603	(2,450)
Other comprehensive income	-	-
Total omprehensive income (loss)	<u>\$ 58,603</u>	<u>(2,450)</u>
Profit (Loss), attributable to non-controlling interests	<u>\$ 29,301</u>	<u>(1,225)</u>
Comprehensive income (loss), attributable to non-controlling interests	<u>\$ 29,301</u>	<u>(1,225)</u>

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

	<b>2021.12.31</b>
Current assets	\$ 2,172,761
Non-current assets	1,309,218
Current liabilities	(1,515,806)
Non-current liabilities	(597,197)
Net assets	<u>\$ 1,368,976</u>
Non-controlling interests	<u>\$ 745,822</u>
	<b>2021</b>
Operating revenue	<u>\$ 266,739</u>
Net profit	13,631
Other comprehensive income	-
Total comprehensive income	<u>\$ 13,631</u>
Profit attributable to non-controlling interests	<u>\$ 1,309</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 1,309</u>

(i) Property, plant and equipment

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

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

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

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

(j) Right-of-use assets

The cost and depreciation of the right-of-use assets of the Group for the years ended December 31, 2021 and 2020, were as follows:

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2021	\$ 3,403,486	73,079	1,165	3,477,730
Acquisition through business combination	4,054	-	-	4,054
Additions	155,901	-	6,256	162,157
Decrease	(81,782)	(73,079)	(1,166)	(156,027)
Effect of changes in foreign exchange rates	(1,943)	-	-	(1,943)
Balance as of December 31, 2021	<u>\$ 3,479,716</u>	<u>-</u>	<u>6,255</u>	<u>3,485,971</u>
Balance as of January 1, 2020	\$ 3,402,610	73,079	1,165	3,476,854
Additions	40,576	-	-	40,576
Decrease	(39,390)	-	-	(39,390)
Effect of changes in foreign exchange rates	(310)	-	-	(310)
Balance as of December 31, 2020	<u>\$ 3,403,486</u>	<u>73,079</u>	<u>1,165</u>	<u>3,477,730</u>



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

**(k) Intangible assets**

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

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

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

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

	<u>2021</u>	<u>2020</u>
Operating cost	<u>\$ 265</u>	<u>364</u>
Operating expense	<u>\$ 41,444</u>	<u>28,898</u>

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

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

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

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

4. Tests of Goodwill impairments

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

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

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

1) PChome CB Co., Ltd.

	<b><u>2021.12.31</u></b>
Discount rate	23.42 %

2) Yun Tan Technology Inc.

	<b><u>2021.12.31</u></b>
Discount rate	11.53 %

3) 21st Century Technology Co., Ltd.

	<b><u>2021.12.31</u></b>
Discount rate	6.98 %

(l) Short-term borrowings

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

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

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

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

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

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

The Group received the advance receipts from consumers who purchased goods or online service points.

Agreements were entered into between the Group and its online sellers for entrusting the Group to collect sellers' online transaction payments. Collections were recognized under receipts under custody and were accounted for as payables to the sellers.

Current refund liabilities were expected to be paid to customers due to their right to refund the goods, and were recognized under current liabilities.

(n) Long-term borrowings

The details were as follows:

	<u>2021.12.31</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	TWD	0.16%~1.16%	2028	\$ 368,400
Secured bank loans	TWD	0.75%~1.345%	2025	505,700
Other long-term borrowings	TWD	3.99%	2024	150,000
Loans from related parties	TWD	1.00%	2023	421,000
Less: current portion				<u>(226,625)</u>
Total				<u>\$ 1,218,475</u>
Unused long-term credit lines				<u>\$ 2,626,955</u>
	<u>2020.12.31</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	TWD	1.15%	2022	\$ 125,000
Secured bank loans	TWD	1.35%	2025	500,000
Less: current portion				<u>(200,000)</u>
Total				<u>\$ 425,000</u>
Unused long-term credit lines				<u>\$ 50,000</u>

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The circumstances of the Group setting mortgage on assets as a guarantee for bank borrowings, please refer to Note (8).

The subsidiary PChome Store Inc. entered into the syndicated credit agreement with the financial institution. According to the terms of the agreement, PChome Store Inc. should maintain certain financial ratios during bank loan period. As of December 31, 2021, PChome Store Inc. was in compliance with the financial covenants mentioned above.

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

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

(o) Bonds payable

The details of secured convertible bonds were as follows:

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

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

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

The Company issued secured 3-year convertible bonds at October 7, 2020, the face value of this bond amounted to \$1,500,000 thousand, coupon rate is 0% and was issued at 107.42% of the face value. Therefore, the actual borrowing amount was \$1,611,304 thousand. The issuance period was from October 7, 2020, to October 7, 2023, while the conversion period started from January 8, 2021, to October 7, 2023. The Company will repay the convertible corporate bonds at face value in one lump sum in cash upon maturity.

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

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

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

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

(p) Lease liabilities

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

	<u>2021.12.31</u>	<u>2020.12.31</u>
Current	\$ <u>451,788</u>	<u>500,102</u>
Non-current	\$ <u>1,685,427</u>	<u>2,018,307</u>

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

The amounts recognized in profit or loss were as follows:

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

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

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>576,487</u>	<u>586,002</u>

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

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(q) Income taxes

1. Income tax expense recognized in profits or losses

The amounts of income tax were as follows:

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

Income tax benefit recognized in other comprehensive income:

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

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

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

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2. Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	<u>2021.12.31</u>	<u>2020.12.31</u>
Deductible Temporary Differences	\$ 880	2,826
Tax losses	<u>865,066</u>	<u>762,453</u>
	<u>\$ 865,946</u>	<u>765,279</u>

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

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

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



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2) Recognized deferred tax assets and liabilities

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

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

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

(r) Capital and other equity

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

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

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

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

1. Capital surplus

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

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

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

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2. Retained earnings

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

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

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

1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

The amount of cash dividends of appropriations of earnings for 2020 that had been approved in the meeting of the board of directors on March 16, 2021 was \$153,737 thousand. The amount of cash dividends of appropriations of earnings for 2019 that had been approved in the shareholders' meeting on June 24, 2020 was \$82,012 thousand. Relevant information would be available at the Market Observation Post System website.

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3. Treasury shares

On March 16, 2021, the Board of Directors of the Company resolved to repurchase its ordinary shares from the centralized securities exchange market, in order to transfer to employees, at price between \$60 and \$110 per share, in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of December 31, 2021, a total of 1,230 thousand shares have been bought back at a cost of \$108,254 thousand. The cost does not exceed the upper limit amount \$108,440 thousand approved by the Board of Directors.

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

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

4. Other equity, net of tax

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

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5. Non-controlling Interests

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

(s) Share-based payment

The Group had two share-based payment arrangements as follows as of December 31, 2021:

1. Employee restricted shares

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

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

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

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2. Share-based payment transactions

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

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

1) Determining the fair value of equity instruments granted

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

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

2) Information on employee stock options

(Unit: Thousands)

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

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3. Expenses and liabilities resulted from share-based payments

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

	<u>2021</u>	<u>2020</u>
Salary expenses	\$ <u>28,424</u>	<u>5,434</u>

(t) Earnings per share

The Company calculated the basic and diluted EPS as follows:

1. Basic earnings per share (NT dollars)

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

2. Diluted earnings per share (NT dollars)

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

(u) Revenue from contracts with customers

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

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

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

(v) Remunerations to employees, directors and supervisors

In accordance with the articles of the Company should contribute 1%~15% of the profit as employee compensation and less than 1.5% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

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

For the year ended December 31, 2020, the remunerations to employees, and directors and supervisors amounted to \$24,777 thousand and \$2,781 thousand, respectively. The actual remunerations paid to employees and directors and supervisors were no difference between the estimated amount. Related information would be available at the Market Observation Post System website.

(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

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

2. Other income

The details of other income were as follows:

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



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3. Other gains and losses, net

The details of other gains and losses were as follows:

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

4. Finance costs

The details of finance cost were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense	<u>\$ 54,843</u>	<u>54,742</u>

(x) Financial instruments

1. Credit risk

Credit risks exposure

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

2. Liquidity risk

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

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

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	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Balance at December 31, 2020</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 500,000	500,000	500,000	-	-	-	-
Accounts and notes payable	3,868,968	3,868,968	3,868,968	-	-	-	-
Other payables	869,606	869,606	869,586	20	-	-	-
Receipts under custody	1,408,473	1,408,473	1,408,473	-	-	-	-
Lease liability	2,581,409	2,518,409	257,407	242,695	422,810	1,189,533	405,964
Long-term borrowings	625,000	625,000	100,000	100,000	225,000	200,000	-
Bonds payable	1,470,300	1,500,000	-	-	-	1,500,000	-
	<u>\$ 11,323,756</u>	<u>11,290,456</u>	<u>7,004,434</u>	<u>342,715</u>	<u>647,810</u>	<u>2,889,533</u>	<u>405,964</u>

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

### 3. Currency risk

#### 1) Currency risk exposure

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

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

#### 2) Sensitivity analysis

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

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

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

3) Interest analysis

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

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

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

4. Other market price risk

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

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

5. Fair value of financial instruments

1) Fair value hierarchy

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

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

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		2021.12.31			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
<b>Fair value through other comprehensive income</b>					
Domestic stock of non-listed company	\$ 759,546	-	-	759,546	759,546
Foreign convertible bonds	8,336	-	-	8,336	8,336
	<u>\$ 767,882</u>	<u>-</u>	<u>-</u>	<u>767,882</u>	<u>767,882</u>
		2020.12.31			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
<b>Fair value through profit or loss</b>					
Preferred stock	\$ 66,745	-	-	66,745	66,745
Foreign convertible bonds	33,568	-	-	33,568	33,568
Embedded derivative-call option	1,500	-	-	1,500	1,500
	<u>\$ 101,813</u>	<u>-</u>	<u>-</u>	<u>101,813</u>	<u>101,813</u>
<b>Fair value through other comprehensive income</b>					
Domestic stock of non-listed company	\$ 248,425	-	-	248,425	248,425

2) Valuation techniques for financial instruments measured at fair value

2.1) Non-derivative financial instruments

The financial instruments held by the Group are regarded as non-quoted price of the equity instruments. The fair value of the financial instruments is estimated by the comparable listed company market approach. The major assumption is measured by the multiplier which is derived from comparable listed company market approach. The effect of the estimation has been adjusted by the lack of market liquidity discounted rate.

2.2) Derivative financial instruments

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

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3) Reconciliation of Level 3 fair values

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

For the years ended December 31, 2021 and 2020, the total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from fair value through other comprehensive income” were as follows:

	<b>2021</b>	<b>2020</b>
Total gains and losses recognized:		
In other gains and losses	\$ 71,693	5,476
In other comprehensive income, and including “unrealized gains and losses from fair value through other comprehensive income”	126,085	28,086

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4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – derivative financial instruments" and "fair value through other comprehensive income available-for-sale financial assets – equity investments".

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Fair value through profit or loss – Embedded derivative – call options	Binomial tree pricing convertible bonds model	·Volatility (53.46%)	·The estimated fair value would increase (decrease) if the volatility were higher (lower).
Fair value through profit or loss – Derivate financial instrument	Comparable listed company market approach	·EV/sales (0.7~2333)	·The estimated fair value would increase (decrease) if the enterprise value were higher (lower).
Fair value through other comprehensive income – Equity investments without an active market	Comparable listed company market approach	·Market value ratio (1.32~9.48) ·Liquidity discounted rate (14.47%~30.00%)	·The estimated fair value would increase (decrease) if the market value were higher (lower). ·The estimated fair value would increase (decrease) if the lack of liquidity discounted rate were lower (higher).

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

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

	Input	Variation	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
<b>December 31, 2021</b>						
Financial assets at fair value through profit or loss						
Embedded derivative – call options	Volatility	5%	\$ 200	(200)	-	-
Derivative financial instruments	P/S ratio	5%	2,636	(2,636)	-	-
Equity investments without an active market	P/S ratio	5%	9,376	(9,376)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	-	-	17,888	(17,390)
"	Liquidity discounted rate	5%	-	-	15,616	(15,648)
			<u>\$ 12,212</u>	<u>(12,212)</u>	<u>33,504</u>	<u>(33,038)</u>
<b>December 31, 2020</b>						
Financial assets at fair value through profit or loss						
Embedded derivative – call options	Volatility	5%	\$ 75	(75)	-	-
Derivative financial instruments	P/S ratio	5%	1,678	(1,678)	-	-
Equity investments without an active market	P/S ratio	5%	3,337	(3,337)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	-%	-	-	12,234	(12,336)
"	Liquidity discounted rate	5%	-	-	17,789	(17,753)
			<u>\$ 5,090</u>	<u>(5,090)</u>	<u>30,023</u>	<u>(30,089)</u>

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

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(y) Financial risk management

1. Summary

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

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

2. Risk management framework

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

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

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

3. Credit risk

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

1) Accounts receivable and other receivables

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

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



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

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

2) Investment

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

3) Guarantees

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

4. Liquidity risk

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

5. Market risk

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

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

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(z) Capital management

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

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

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

1. For right-of-use assets under lease, please refer to Note (6)(j).
2. For conversion of convertible bonds to ordinary shares, please refer to Note (6)(o).
3. The reconciliation of liabilities arising from financing activities was as follows:

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

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

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**(7) Related-Party Transactions**

(a) Ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationships with related parties

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

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

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

(c) Significant transactions with related parties

1. Sales

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

	<u>2021</u>	<u>2020</u>
Associates	\$ <u>936</u>	<u>286</u>

2. Purchases

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

	<u>2021</u>	<u>2020</u>
Other related parties	\$ <u>483</u>	<u>3,098</u>

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

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3. Receivables from related parties

The receivables from related parties were as follows:

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

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

4. Payables to related parties

Item	Related party categories	2021.12.31	2020.12.31
Other payables	Associates	\$ -	2
Other payables	Other related parties	<u>459</u>	<u>429</u>
		<u>\$ 459</u>	<u>431</u>

5. Operating expenses

	2021	2020
Other related parties	<u>\$ 2,983</u>	<u>2,709</u>

6. Other operating income

	2021	2020
Associates	\$ 61	23
Other related parties	<u>292</u>	<u>-</u>
	<u>\$ 353</u>	<u>23</u>

7. Loans to related parties

The loans to related parties were as follows:

	2021.12.31	2020.12.31
Other related parties-Miho International Cosmetic Co., Ltd.	<u>\$ 8,500</u>	<u>-</u>

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

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

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8. Borrowings from Related Parties

The borrowings from related parties were as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Other related parties	<u>\$ 641,000</u>	<u>-</u>

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

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

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

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

(d) Transactions with key management personnel

Key management personnel compensation comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	<u>\$ 106,872</u>	<u>67,856</u>

**(8) Restricted Assets**

The following assets were restricted in use:

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

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**(9) Significant Contingencies and Commitments**

- (a) The agreement with a non-related party for internet phone services entered into in July 2004 was renewed on April 1, 2009. Pursuant to the newly revised agreement, the net revenue from these services is allocated each month between the parties by a set ratio. As the Company sold its internet phone services to Linktel Inc. (with 100% shareholding) on March 1, 2011, Linktel Inc. and the Company signed a contract with the non-related party in which the Company acts as the guarantor of the non-related party at all times and during the term of the agreement.
- (b) As of December 31, 2021 and 2020, notes payable deposited as guarantee for commercial vehicle and office and building leases were \$247,691 thousand and \$248,140 thousand, respectively.
- (c) According to the “Standardized contract for telecom product or service”, the payment guarantee for Skype stored-value service should be fully provided by financial institutions. Therefore, the Group entered into an agreement with a financial institution, with having a guarantee limit of \$100,000 thousand and \$50,000 thousand as of December 31, 2021 and 2020, respectively.
- (d) As of December 31, 2021 and 2020, the Group has entered into performance guarantee contracts with financial institutions for the purchase of goods from vendors, tariff guarantee, stored value in advance and payment on behalf of vendors, with guarantee amounts of \$3,127,150 thousand and \$4,119,000 thousand, respectively.
- (e) The Group will rent 15 warehouse units located in The Post Logistic Center, Post Logic Park from Chunghwa Post Co., Ltd. on August 1, 2022 because the Group has won the bidding of the contract of the park in the second quarter, 2019. The lease term is 15 years and the annual rental fee is \$331,094 thousand. The rental fee will be adjusted yearly based on the Price Index of the year.
- (f) As of December 31, 2021, the Group has paid \$432,427 thousand for acquiring property, plant and equipment, and unrecognized relevant contractual commitments of the acquisition of property, plant and equipment amounting to \$1,352,570 thousand.
- (g) As of December 31, 2021, the Group has entered into an agreement with a financial institution for providing trust account for the Group on the balance amount received through the Group’s online payment processing services to online sellers; the amount of the trust account agreed therein is \$288,743 thousand.
- (h) As of December 31, 2021 and 2020, due to the issuance of secured convertible bonds, the Group has entered into an agreement with a bank for providing guarantee; the amount of guarantee agreed therein was both \$1,500,000 thousand.
- (i) As of December 31, 2021, due to the performance of the contract, the guaranteed notes payable made by the Group is \$1,324,000 thousand.

**(10) Significant Catastrophic Losses: None.**

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**(11) Significant Subsequent Events**

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

**(12) Others**

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

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

**(13) Additional Disclosures**

- (a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2021:

1. Fund financing to other parties:

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

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
0	The Company	Miho International Cosmetic Co., Ltd.	Other receivables	Yes	8,500	8,500	8,500	1.65 %	2	-	Business turnover	-	Repayment of promissory note	8,500	2,530,692	2,530,692
0	-	21st Century Digital Technology Co., Ltd.	Other receivables	Yes	350,000	350,000	-	2.25 %	2	-	Business turnover	-	-	-	2,530,692	2,530,692

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Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short- term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
1	PChome CB Co., Ltd.	PChomeBibia n Inc.	Other receivables	Yes	10,000	-	-	1.30 %	2	-	Business turnover	-	-	-	78,312	78,312
2	YunTan technologyInc.	einsure insurance broker Inc.	Other receivables	Yes	4,000	-	-	2.616 %	2	-	Business turnover	-	-	-	8,735	8,735
3	PChome eBay Co., Ltd.	PChome US Inc.	Other receivables	Yes	15,000	15,000	15,000	1.20 %	2	-	Business turnover	-	-	-	333,093	333,093

Note 1: For those companies with business contact, please fill in 1. For those companies with short-term financing needs, please fill in 2.

Note 2: The Company's total fund financing amount for individual party cannot exceed 40% of its net asset value.

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

## 2. Guarantees and endorsements for other parties:

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

No. (Note 1)	Name of company	Counter-party		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent Company endorsement/ guarantees to third parties on behalf of parent company	Subsidiary endorsement/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 3)										
0	The Company	Linktel Inc.	2	3,163,365	8,552	2,460	2,460	-	0.04 %	6,326,730	Y	N	N
0	"	Pi Mobile Technology Inc	2	3,163,365	300,000	300,000	300,000	-	4.74 %	6,326,730	Y	N	N
0	"	PChome Store Inc.	2	3,163,365	440,000	200,000	125,000	-	3.16 %	6,326,730	Y	N	N
0	"	PChome Bibian Inc.	2	3,163,365	120,150	120,150	72,090	-	1.90 %	6,326,730	Y	N	N

Note 1: 0 is issuer.

Note 2: Highest balance during the period cannot exceed 50% of net asset value, and the maximum amount of endorsement cannot exceed net asset value.

Note 3: Relationship with the Company

- The companies with which it has business relations.
- Subsidiaries in which the company directly or indirectly holds more than 50% of its total outstanding common stocks.
- The parent company which directly or indirectly holds more than 50% of its voting rights.
- Subsidiaries in which the company directly or indirectly holds more than 90% of its voting rights.
- Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
- Companies in same type of business providing guarantees of pre-sale contracts according to the regulation.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

## 3. Information regarding securities held at balance sheet date:

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

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



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

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

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

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

Note 1: The market securities listed under account investment, using the equity method, is exempted from disclosure.

Note 2: The aforementioned transaction of subsidiary has been eliminated in the consolidated financial statements.

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

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
PChome Online Inc.	Pi Mobile Technolgy Inc.	Subsidiary	615,449	- %	-		615,449	-

9. Derivative transactions: Please refer to Note (6)(b).
10. Business relationships and significant inter-company transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	PChome Online Inc.	Pi Mobile Technology Inc.	1	Accounts receivable	615,449	Usual terms and conditions	2.52 %

Note 1: For the inter-company business relationship and transaction condition in the "No." column, the labeling method is as follows:

1. Parent company labeled 0.
2. Subsidiaries labeled in number sequence from 1.

Note 2: Relationship is classified into three types:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

Note 4: The Group did not disclose other transactions for which the proportion did not reach one percentage of the consolidated revenue or assets.

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

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(b) Information on investees:

For the years ended December 31, 2021, the following was the information on investees (excluding investees in Mainland China) :

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

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

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Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
PChome eBay Co., Ltd.	ECOSMOS PTE. LTD.	Singapore	Information processing and provision of electronic information	9,153	-	3,300,000	100.00 %	8,733	100.00 %	(401)	(401)	
"	21st Century Technology Co., Ltd.	Taiwan	Financial technology services	9,012	-	389,065	0.01 %	7,162	0.87 %	13,631	39	Note 5
Pi Mobile Technology Inc.	Pay and Link Inc.	"	Electronic payment business	500,388	500,388	50,100,000	1.00 %	288,925	100.00 %	(39,730)	(39,730)	
"	Yun Tung Bao International Co., Ltd.	"	Online payment processing services	3,000	3,000	300,000	100.00 %	2,545	100.00 %	(37)	(37)	
PC HOME ONLINE INTERNATIONAL CO., LTD.	PCHOME ONLINE INC.	Cayman Islands	International trade and investment activities	25,311	25,311	10,000,000	100.00 %	3,874	100.00 %	(855)	(855)	
PCHOME ONLINE INC.	PC HOME ONLINE (HK) LTD.	Hong Kong	Information service and indirect investment activities	25,140	25,140	5,641,239	100.00 %	6,252	100.00 %	(626)	(626)	
PC HOME ONLINE (HK) LTD.	Ruten Japan KK	Japan	Information processing and provision of electronic information	-	5,438	-	- %	-	2.88 %	(21,501)	(510)	Note 2
ECOMMERCE GROUP CO., LTD.	RUTEN GLOBAL INC.	Cayman Islands	Investment activities	-	831,606	-	- %	-	100.00 %	41,156	32,381	Note 3
RUTEN GLOBAL INC.	EC Global Limited	Hong Kong	Investment activities	-	22,740	-	- %	-	100.00 %	(224)	(254)	Note 4
"	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	779,688	27,300,000	65.00 %	546,279	65.00 %	83,358	54,195	
"	Ruten Japan KK	Japan	Information processing and provision of electronic information	-	68,124	-	- %	-	46.12 %	(21,501)	(8,173)	Note 2
PChome Holding Inc.	PChome Marketplace Inc.	Cayman Islands	Investment activities	1,043,763	1,169,090	38,335,000	100.00 %	972,154	100.00 %	(16,608)	(16,608)	
PChome Marketplace Inc.	PChome Japan KK	Japan	International trading E-commerce	37,580	119,330	43,500,000	100.00 %	14,492	100.00 %	(3,403)	(3,403)	
"	PChome Store Inc.	Taiwan	Internet services	998,758	998,758	19,206,893	0.36 %	(337,812)	35.78 %	(21,513)	(7,697)	
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	"	Internet services	127,000	127,000	2,900,000	100.00 %	136,533	100.00 %	8,143	8,143	
"	PCHOME CB PTE. LTD.	Singapore	Internet services	59,698	59,698	190,000	100.00 %	46,377	100.00 %	9,477	9,477	
PCHOME CB PTE. LTD.	PChome Bibian Inc.	Japan	E-commerce cross-border services	51,069	51,069	18,000,000	100.00 %	40,529	100.00 %	9,550	9,550	
YunTan technology Inc.	einsure insurance broker Inc.	Taiwan	Insurance brokers	38,600	8,600	4,500,000	100.00 %	17,067	100.00 %	(5,668)	(5,668)	
21st Century Technology Co., Ltd.	FAN7 TOUR CO., LTD.	"	Travel agency business	6,000	6,000	600,000	100.00 %	4,577	100.00 %	(71)	(71)	
"	21st Century Digital Technology Co., Ltd.	"	Financial technology services	1,000	-	100,000	100.00 %	1,000	100.00 %	-	-	
"	Pi Mobile Technology Inc.	"	Online payment processing services	141,079	-	22,861,085	53.59 %	57,613	53.59 %	(389,963)	(83,466)	

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

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

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

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

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

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

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(c) Information on investment in Mainland China:

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

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period (Note 3)	Approved investment (amount) by Ministry of Economic Affairs Investment Commission(Note 3)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission
-	53,403	3,796,038

Note 1: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 27.67 at the year ended December 31, 2021.

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

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

3. Significant transactions: None.

(d) Major shareholders:

(Unit: Share)

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

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

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

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PCHOME ONLINE INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

**(14) Segment Information**

(a) General information

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

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

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

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

The Group's regional financial information was as follows:

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

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**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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

(c) Enterprise-wide Disclosures

1. Information about Products and Services

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

<u>Product and Service</u>	<u>2021</u>	<u>2020</u>
Revenue of electronic commerce	\$ 48,149,317	43,691,528
Other	<u>430,050</u>	<u>178,324</u>
<b>Total</b>	<b><u>\$ 48,579,367</u></b>	<b><u>43,869,852</u></b>

2. Information about Geographic Areas: None.

3. Information about Major Customers: None.

# PChome Online Inc.

Chairman: Hung-Tze Jan