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2022 Annual Report

Market Observation Post System Website: <http://mops.twse.com.tw>

The company's annual report website:

http://corporate.pchome.com.tw/about_us/annual_reports.php

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Notice to Reader:

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

I. Names, Titles, Telephone Number and Email Address of the Company's Spokesperson and Deputy Spokesperson

Spokesperson

Name: Bruce Chou

Title: Chief Investment Officer and Chief Strategy Officer and Deputy General Manager

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Deputy Spokesperson

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Branches and Plants: None.

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Website:www.tsc.com.tw

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IV. Latest Annual Financial Report Visa Accountant Name, Firm Name, Address, Website and Telephone

Name of accountant: Pearl Chen CPA, Lillian Lien CPA

Name of the firm: KPMG Taiwan

Address: 68th Floor, No. 7, Section 5, Xinyi Road, Taipei City 110, Taiwan (R.O.C.)

Website:www.kpmg.com.tw

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

None

VI. Corporate Website:www.pchome.com.tw

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Chapter 1. Letter to Shareholders

Dear Shareholders:

Taiwan has been affected by COVID-19 for more than two years, and PChome is facing new challenges as it gradually enters the post-epidemic era in 2022. Compared with 3C and epidemic prevention daily necessities, which created a high base period during the epidemic period, the consumption trend reorganized and returned to the fundamentals needs of everyday life. On the other hand, due to the post-epidemic era, consumers pay more attention to health care, travel and trusted brand selection, and the overall consumption trend in health food, electronic tickets and tourism commodities has grown significantly. In addition, we will strengthen our cooperation with major manufacturers of various brands and create the results of brand scale with supply partners. We would like to thank all the staff for working side by side with the Company, focusing on the core value of "customer first" and doing their best to strengthen the operation by improving operational efficiency and reviewing the rationality and efficiency of expenses. In addition to the e-commerce business, we actively adjusted the structure of subsidiaries and concentrated resources to achieve integration and synergy. Fintech and cross-border e-commerce services contributed to the Group's profits. In 2022, the consolidated operating income was NT\$ 46.1 billion, with a 5% decrease from the previous year; the consolidated net profit after tax is NT\$ 43.59 million.

Operational highlights in 2022 are summarized as follows:

I. Grasping the business opportunities in the post-epidemic era and launching innovative services

In response to the trend of online shopping becoming a new daily routine for the public in the post-epidemic era, we have accelerated open collaboration, actively expanded cross-border alliances and launched innovative services. PChome 24h Shopping, as the only authorized distributor of Apple's full range of e-commerce products in Taiwan, launched the industry's exclusive "iPhone subscription solution" in combination with the Group's card-free installment payment service and online insurance service E-Insure, with outstanding revenue and market response. In a collaboration with China Trust and Chunghwa Telecom, we introduced the first tripartite cross-border co-branded card, "China Trust ALL ME Card". This card, a first in the startup industry, has established a new point structure, linking up the consumption application scenarios of the three major ecospheres of e-commerce, telecommunications and finance, and providing shared benefits to users. In partnership with Standard Chartered Bank, we launched "PChome Helper Loan", to help suppliers solve working capital pain points, meet immediate financing needs, and accelerate business development, and won the "4th Brand Golden Ship Award" and "FinTech Taipei Awards 2022-Business Model Innovation Award".

II. Accelerating page revision and optimizing consumer experience

In order to improve the experience of browsing the stores, we are conducting an inventory of the out-of-stock stores and establishing an automatic off-shelf mechanism for out-of-stock goods. According to the traffic data, the priority order of each page module revision is arranged, and the module revision is gradually renovated by agile working logic and team, and the mobile experience is considered first, so as to improve the frequency of consumer interaction and shopping conversion rate. In terms of search, through the optimization of algorithms such as synonym tags, semantic analysis, product

subject and accessory weighting, the search accuracy is effectively improved, making it easier for consumers to find products that meet their expectations and needs. We actively engage with consumers through the community to increase the rate of interaction and favorability; expanding our strategy of collaborating with Key Opinion Leader (KOLs) to gain the volume and visibility outside the station and rebuild consumer confidence.

III. Consolidating operational policies and reshaping organizational culture

To enable all employees to have a consensus on the Company's development goals, we aligned cross-departmental goals, and improved the Company's internal communication efficiency and work efficiency. We tracked the return on investment from marketing and advertising expenditures, reviewed the efficiency and effectiveness of various operating costs, and controlled the rationality of the budget. In order to respond to the support and trust of 13 million users and win back the lost users in the past, under the core value of "user first", we canceled the large-scale concert marketing activities and channeled resources to customer benefits for preferential treatment, so as to better understand user needs, including the launch of the right products, competitive prices, the right promotion time and accurate users, as well as various experience optimization, creative theme curatorial, brand community communication, etc., to accelerate the change of users' feelings, and make our services enter the daily life of consumers.

IV. Strengthening warehousing logistics and improving distribution efficiency and productivity

Linkou A7 Intelligent Logistics Park has been opened in 2023. This logistics center is the first logistics center with the highest density of artificial intelligence technology and fully automated warehousing equipment in Taiwan's e-commerce industry. In order to effectively use the automated warehousing space, the warehouse consolidation is adjusted according to the product category, and the overall warehouse operation efficiency is improved. At the same time, we will strengthen the distribution capacity and coverage of our own fleet, expand the distribution network in central and southern China, and improve the distribution service. And actively expand the third-party warehousing business to provide high-quality warehousing enabling services for the e-commerce industry.

V. We have fully leveraged the comprehensiveness resources of our subsidiaries and contributing to the profits of the group

We adjusted the operation mode of MiTCH, incorporated PChome 24-hour shopping, established "MiTCH flagship store", injected the style and selection spirit of the original brand, and introduced different consumer groups. The capital reduction of the PChomeStore began the process of capital reorganization, aiming to solidify our financial structure and the normal operation of the business. PChome Thai is deeply engaged in the Thai market. In March, we announced the launch of direct delivery services for shopping in Thailand, collaborating with DITP, the Thai Department of Commerce, and Siam Piwat Group, the Thai department store retail giant, to sell Thai hot-selling brands and goods back to Taiwan. In August, Bibian, an e-commerce company specializing in cross-border bidding and purchasing in Japan, launched a new "Japan Cosmetics Mall", which led to a steady increase in monthly performance. In December, Bibian upgraded Japan Cosmetics Mall to "Japan Strict Selection Mall", and

the overall revenue and profit continued to grow rapidly. Targeting the long-term trend of e-commerce and financial technology convergence, and keeping consumer demand in focus, the Company launched the first new service in the industry in April, introducing "PayLater" into Pi Wallet, providing Taiwan's first innovative financial service that completely links card-free installment and mobile payment.

VI. Strengthening corporate governance ESG sustainable development

Corporate governance and the promotion of sustainability were recognized, making a great leap forward in the corporate governance evaluation of OTC companies, advancing from level 5 to level 2. In January 2022, it became the first e-commerce company in Taiwan to pass the A-level verification of Taiwan Intellectual Property Management Standards (TIPS), and by January 2023, it had successfully passed the A-level re-certification. In addition, he was also awarded the "2nd TSAA Taiwan Sustainable Action Award-Bronze Award", the "5th Chinese Charity Award-Green Sustainable Award Gold Award" and the "15th TCSA Taiwan Enterprise Sustainable Award-Sustainable Report Platinum Award".

Outlook for 2023

Looking forward to the future, PChome will adhere to the commitment of satisfying the needs of every consumer's family life, actively enhance the richness of products on the platform, "user-first" into the daily life of consumers, strengthen the breadth and depth of department stores, maintain the market advantage of 3C electronic products, and actively strategize brand development, cross-border alliances and other strategies to meet consumers' demand for one-stop shopping. At the same time, centering our efforts around data, we will optimize the user experience, strengthen the effectiveness of various marketing channels, develop supplier empowerment services, continue to cooperate with major manufacturers to create a win-win situation, enhance operational quality, introduce market indicators to develop and optimize processes and tools, so as to effectively improve service quality and system efficiency, and maximize organizational efficiency. It will also focus on the integration of the Group's resources, strengthen operational efficiency, optimize the efficiency of cross-departmental collaboration, combine the advantages and resources of the existing open ecosystem platform, create synergy among the Group's subsidiaries, continue to launch innovative services, effectively promote profit contribution, and developing PChome into a company with long-term competitiveness.

PChome Online Inc.

Chairman	Hung-Tze Jan
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General Manager	Alice Chang
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Chapter 2. Company Profile

I. Date : July 14, 87

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

Month/Year	History
07/1998	The Company was officially launched.
10/1998	The Company launched "todo portal site", making its official debut in portal service.
06/2000	The Company established the E-Commerce Shopping Department, stepping into the field of e-commerce.
07/2000	Business Next Publishing Corp. names PChome Online #1 in Top 100 Chinese Websites in Taiwan and #3 in the overall Chinese category.
01/2003	The shares of PChome Online were officially registered for trading at the Emerging Stock Board.
09/2003	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.
07/2004	The Company became the first strategic partner of Skype, the well-known Internet telephone company, and unveiled PChome & Skype VoIP service in Taiwan.
11/2004	The SkypeOut charging service was launched, establishing Skype's business model.
01/2005	The Company was listed as "PChome Online" (Stock Code: 8044) at the Taipei Exchange, the first internet company to be listed in Taiwan.
10/2005	PChome online shopping becomes the first online shopping portal to receive approval from the Ministry of Finance to issue electronic invoice.
10/2005	The Company established the Shopping Department, launching PChome Online Store platform service.
11/2005	PChome Shopping won the Gold Medal of the "e-21 Golden Web Awards".
09/2006	PChome Online and eBay Inc. formed a joint venture to establish Ruten, an online auctioning platform.

Month/Year	History
01/2007	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.
04/2008	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.
10/2009	The Speedy Delivery ERP System of PChome 24h Shopping won the Award of Excellence of the 2009 eASIA Awards.
11/2009	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".
12/2009	PChome Photo won the Golden Award for Social Networking of the 10th Click! Awards for Media and Service Websites.
03/2010	The Company's shareholders' meeting resolved to spin off the Shopping Department as a subsidiary, PCHomestore Inc.
07/2010	Entering the global market as Taiwan's e-commerce leader, PChome Global Shopping was officially launched online.
11/2010	PChome 24h Shopping was the winner of the "3rd Taiwanese Superior Commercial Service Brand of Excellence" by the Ministry of Economic Affairs.
12/2010	PChome 24h Shopping won both the E-Commerce Golden Award and the Annual Best Media and Service Website Award of the 11th Click! Awards.
03/2011	The Company transferred PChome & Skype service to its subsidiary, LinkTel Inc.
04/2011	The subsidiary, PChome Store Inc. (Stock Code: 4965), was listed at the Taipei Exchange.
06/2011	The Company was ranked #73 in the "Info Tech 100 Taiwan", and #1 in the Information Services Category released by Business Next Magazine.
07/2011	PChome 24h Shopping ranked #1 for online shopping in the Golden Service Awards of Commonwealth Magazine.
02/2012	PChome Global Shopping introduced the English website.
04/2012	The B2C platform of "PChome US", a subsidiary, was unveiled, providing online shopping services to Chinese communities in North America.
05/2012	The Company was ranked #105 in the "Top 500 Service Companies" by Commonwealth Magazine.

Month/Year	History
06/2012	The Company was ranked #37 in the "Top 100 Technology Companies" by Business Next Magazine.
10/2012	The Company garnered the Award of Excellence in Innovation for Organizations of the 2nd National Industrial Innovation Awards of Ministry of Economic Affairs.
11/2012	The Company garnered the Gold Medal for Platform Business - Shopping Malls Category of the 12th Golden Web Awards of Ministry of Economic Affairs.
01/2013	The Company was an online partner in the Lunar New Year Fair of "2013 Taipei Lunar New Year's Festival".
03/2013	PChomePay, a third-party credit card payment system, was launched. Ruten merchants could initiate the credit card payment service online.
04/2013	The Company launched Internet-specific Mandarin Phonetic Symbols Input Method.
07/2013	The Company received Level-A and Progress Award in the 10th Information Disclosure Evaluation of Listed Companies.
11/2013	PChomePay upgraded the entire security standard of its credit card payment collection services to formally meet the international standards of Payment Card Industry Data Security Standard (PCI-DSS) required by credit card companies.
12/2013	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. The Company won and was qualified for government assistance in the 2nd Taiwan Mittelstand Awards of MOEA.
02/2014	LinkTel Inc. established the "PChomeTalk" brand and released the first Android-exclusive Skype phone in the world.
04/2014	PChomeUSA's C2C e-commerce platform went online, providing an user-friendly platform for starting up business to Chinese communities in the U.S.
05/2014	PChome 24h Shopping won the Gold Award for online shopping category in the Golden Service Awards of CommonWealth Magazine.
12/2014	The Company launched "Yiabi", offering mobile application services and satisfying the "save, read, and share" demands of information.
01/2015	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.
03/2015	The Company introduced "PChome search", focusing on "shopping first".
04/2015	The Company ranked #23 in the "The Most Influential 100 Brands in

Month/Year	History
	Taiwan" survey conducted by Business Weekly.
	The Company won "Super Power Brand" and the "First Prize of E-Commerce Platform Award" in 2015 Brand Asia hosted by MANAGER Today Magazine.
	The Company won Gold Award for online shopping category in the "Golden Service Awards" of CommonWealth Magazine.
05/2015	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.
11/2015	The Company won 2015 Innovative Product Award of the Information Technology Month.
01/2016	PChome InterPay obtained permission to operate as a specialized electronic payment institution.
03/2016	PChome InterPay obtained business license to operate as a specialized electronic payment institution.
06/2016	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.
10/2016	PChome InterPay officially commenced operation, providing comprehensive online payment service to members of Taiwan's #1 e-commerce market – Ruten.
	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.
11/2016	The Company launched "top up" service to speed up online shopping payment transactions, allowing 8 million members to enjoy speedy checkout experience.
03/2017	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.
08/2017	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.
03/2018	The first strategic cooperation between PChome family and Chunghwa Telecom set up a platform venture capital to establish a "CNETHome One" venture fund to support Taiwan startups.
05/2018	Committed to building PChome membership economy and P-coin points ecosystem, and Citibank released "Citi PChome Prime joint card" in May.

Month/Year	History
08/2018	Mobile payment service Pi Wallet jointly launched the “Yushan Pi Pat Wallet Credit Card” in August.
10/2018	The Company established a 100% owned subsidiary, PChome Express Inc., to provide logistic service.
03/2019	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.
07/2019	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”.
08/2019	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.
10/2019	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, PChomeStore, Pi Wallet, PChomePay, PChome Travel, PChome Thai, and PChome Express.
11/2019	Won the double Golden Torch Awards - "Top Ten Outstanding Enterprise Award" and "Customer Satisfaction Excellence Award"
12/2019	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"
3/2020	Work with the Taoyuan City Government to promote the "Taoyuan Citizens' Relaxation Package".
3/2020	Work with the New Taipei City Government to promote the transformation of physical stores.
6/2020	Awarded "PR AWARDS Asia" and "Outstanding Public Relations Award"
7/2020	PChome 24h Shopping and Handcraft Institute launches “AI Smart Wear Recommendation” function for the first time Becomes the first large-scale integrated online shopping platform in Taiwan to obtain the “Carbon Label” by the Environmental Protection Agency, Executive Yuan

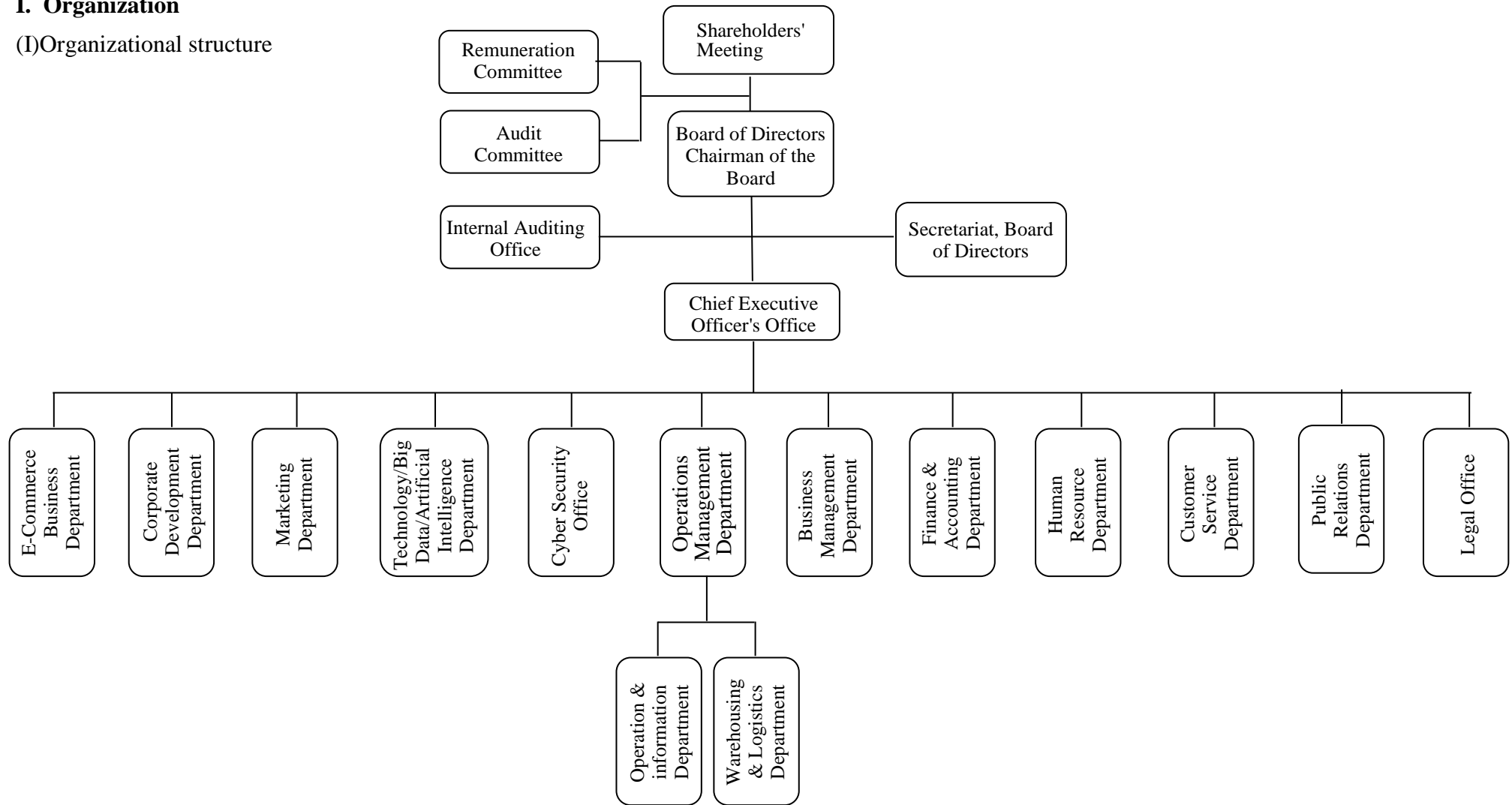
Month/Year	History
9/2020	The Group's PChomeSEA launched one-stop cross-border e-commerce service in Southeast Asia, leading Taiwan merchants to sell into the e-commerce markets of Thailand, Vietnam, New Zealand, Malaysia and India in one go.
10/2020	Became the first e-commerce channel in Taiwan that allows accumulating green shopping amount.
11/2020	The Group's PChomeSEA allied with Kaohsiung Economic Development Bureau to sign a MOU to advance into ASEAN-5.
12/2020	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.
1/2021	Officially launched the "PChomeX Home Gallery" 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.
4/2021	Won the "Top 100 Next Gen Workplaces." The number of stores opened in the Group's PChomestore exceeded 120,000.
5/2021	The Group's Pi Mobile Technology and Rakuten International Commercial Bank, two major ecosystems, worked together to create a financial scene.
6/2021	Awarded the "Corporate Advancement Award" and "Inspirational Brand Award" in the "Asia Pacific Enterprise Awards 2021"
7/2021	Strategic investment in Pickup 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.
8/2021	Announced strategic investment in e-Insure to create new opportunities for digital insurance.
9/2021	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.
10/2021	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.

Month/Year	History
11/2021	<p>Awarded the “Top Prize for Enterprises Award“ and the "Best Popular Brand Award" in the "2021 National Brand Yushan Award".</p> <p>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 - Copper Prize.”</p> <p>Responded to the EPA's pilot program on recycling packaging, and partnered with PackAge+, an environmental protection startup, to upgrade the green shopping program.</p> <p>Led AccuHit Series B fundraising to accelerate the Group's MarTech development.</p>
12/2021	<p>Awarded the" 2021 Buying Power Award- Special Prize of the Ministry of Economic Affairs.”</p> <p>Passed Level A certification of Taiwan Intellectual Property Management System (TIPS).</p>
2/2022	<p>Launched “PChome Helper Loan” in partnership with Standard Chartered Bank.</p>
3/2022	<p>PChomeThai expanded bilateral cross-border e-commerce service, Thailand shopping direct service officially on stage.</p>
6/2022	<p>“Pi Wallet/PayLater” officially unveiled, Taiwan's first three in one innovative financial service connecting BNPL, installment lending, and mobile payment.</p>
7/2022	<p>PChome alliance with China Trust, Chunghwa Telecom heavy launch “China Trust ALL ME Card”.</p>
8/2022	<p>Ms. Alice Chang was assigned as CEO and General Manager of PChome Online Group.</p> <p>Won the “2nd TSAA Taiwan Sustainable Action Award - Bronze Award”, “4th Brand Golden Award — Service Innovation Group” and “2022 Taipei FinTech Awards — Business Model Innovation Award (PChome Helper Loan)”.</p>
9/2022	<p>Launched the first in Taiwan: “iPhone subscription program”</p>
11/2022	<p>Received the “5th Chinese Green Sustainability Gold Award” and “The 15th TCSA Taiwan Corporate Sustainability Award - Platinum Award for Sustainability Report”.</p>
12/2022	<p>Awarded “2022 Buying Power - Second Prize”, Ministry of Economic Affairs</p>

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

Department Name	Functions
Department	<ol style="list-style-type: none"> 3. Assist in the formulation of future strategies for warehouse/Express. 4. Assist the warehouse/Express operation management. 5. Provide good hardware facilities for warehouse/Express. 6. Management of purchase, delivery and inventory. 7. Formulate a warehousing/logistics strategy plan. 8. Improve the overall operational efficiency of warehousing and logistics.
Business Management Department	<ol style="list-style-type: none"> 1. Formulate the direction of annual business strategy and promote key business projects. 2. Analyze operating costs for overall company risk control. 3. Management and control of the contract for the purchase and maintenance of office software and hardware equipment. 4. Import of BPM electronic form projects, and other projects.
Finance & Accounting Department	<ol style="list-style-type: none"> 1. Establish an internal financial system of the Company. 2. Organize the preparation of financial plans and cost plans of the Company. 3. Provide and analyze various financial statements, and explain the abnormal items.
Human Resource Department	<ol style="list-style-type: none"> 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. 2. Establish a salary management and performance appraisal system with external competitiveness and internal fairness to shape a performance-oriented work culture. 3. Organize design and manpower allocation based on the Company strategy. 4. Improve the training system and design talent selection, use, education, and retention programs that keep pace with the times. 5. Simplify the human resources process, optimize the employee experience, create a positive corporate culture, and unite the centripetal force of employees. 6. Coordination of the Group's Epidemic Prevention Center and the release of epidemic prevention measures and information. 7. Safe maintenance of the public environment and care for employees in the workplace. 8. Management and control of general affairs and maintenance of general affairs and office equipment and materials.
Customer Service Department	<ol style="list-style-type: none"> 1. Customer ordering process and platform information guidance instructions. 2. Provide customer order consultation and after-sales service. 3. Service case care, tracking and customer relationship maintenance. 4. Consolidate customer suggestions and service optimization proposals for each service channel.

Department Name	Functions
	5.Prize Redemption Service Center.
Public Relations Department	<ol style="list-style-type: none"> 1.Shaping the company's brand image (press conference) 2.Preparation and execution of press releases and event communications. 3.Public Relations Issue Planning and Crisis Management. 4.Establish and maintain corporate brand image through media relationship management and marketing activities planning. 5.Build and maintain relationship with government, industry's associations and academic
Legal Office	<ol style="list-style-type: none"> 1.Contract Preparation and Review 2.Handling of litigation cases company involved 3.Maintaining trademark and patent rights approved by the competent authority 4.Collect, organize and provide legal requirements related to the company's business to the company's colleagues

II. Director, General Manager, Deputy General Manager, Assistant Vice Presidents and Managers of Departments and Branches

(I) Directors' Profiles

30 April 2023

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected (Appointed)	Term	Date First Elected (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives or Directors Who are Spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Hung-Tze Jan	Male 61~70	2021.07.29	3 years	1999.12.09	1,627,427	1.28%	1,667,427	1.30%	0	0%	0	0%	Department of Economics, National Taiwan University Editor of the Commentary Section of United Daily News General Manager of Yuan- Liou Publishing	Note	None	None	None	None
Director Corporate shareholder	R.O.C.	Site Inc.	NA	2021.07.29	3 years	2002.06.11	18,907,864	14.84%	18,907,864	14.71%	0	0%	0	0%	None	None	None	None	None	None
Director (Corporate representative)	R.O.C.	Bruce Chou (Note 6)	Male 40~50	2022.06.22	3 years	2022.06.22	0	0%	60,000	0.05%	0	0%	10,000	0.01%	Department of Finance, National Taiwan University Zoyi Capital Managing Director Barclays Capital Assistant VP	Note	None	None	None	None
Director (Corporate representative)	R.O.C.	Vicky Tseng (Note 6)	Female 40~50	2021.07.29	3 years	2017.10.05	438,252	0.34%	200,752	0.16%	5,833	0%	0	0%	MS, Administrative studies - e-commerce, systems & technology, Boston University EMBA, Accounting, National Taiwan University Marketing Director of PChome Online Inc.	Note	None	None	None	None
Director (Corporate representative)	R.O.C.	Johnson Fong (Note 6)	Male 51~60	2021.07.29	3 years	2018.11.01	0	0%	0	0%	0	0%	0	0%	Department of Industrial Management, National Taiwan University of Science and Technology Assistant Vice President of Quanta Computer Inc.	None	None	None	None	None
Director Corporate shareholder	R.O.C.	CDIB Venture Capital Corporati on	NA	2022.06.22	3 years	2022.06.22	1,875,293	1.46%	1,875,293	1.46%	0	0%	0	0%	None					

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected (Appointed)	Term	Date First Elected (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives or Directors Who are Spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director (Corporate representative)	R.O.C.	Ryan Kuo (Note 7)	Male 51~60	2022.06.22	3 years	2022.06.22	0	0%	0	0%	0	0%	0	0%	Bachelor in Electrical Engineering, National Taiwan University General Manager, CDIB Innovation Management Consultants Co., Ltd.	Note	None	None	None	None
Independent Director	R.O.C.	T.H. Tung	Male 61~70	2021.07.29	3 years	2021.07.29	0	0%	0	0%	0	0%	0	0%	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	None	None	None	None
Independent Director	R.O.C.	Tan Hochen	Male 71~80	2021.07.29	3 years	2021.07.29	0	0%	0	0%	0	0%	0	0%	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	None	None	None	None

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 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 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, the former representative of corporate director, resigned from June 22, 2022 and changed to Bruce Chou as corporate director representative (Bruce Chou originally resigned as a natural person director on March 23, 2022).

Note 7. CDIB Venture Capital Corporation.

Note 8. Director Kevin Tsai resigned on July 4, 2022 and independent director Margaret Huang on July 7, 2022.

Director Concurrent Positions Held in the Company and Other Companies

Title	Name	Concurrent Positions Held in the Company and Other Companies
Chairman	Hung-Tze Jan	Chairman: PCHOMESTORE INC., Eastern Online Co., Ltd., Eolembrian Co., Ltd., PChome eBay Co., Ltd., Site Inc., Pi Mobile Technology Inc., PChome Interpay Inc., PC Home Online International Co., (B.V.I.), PChome US Inc., PChome CB Co., Ltd., LinkTel Inc., PayEasy Digital Integration Co., Ltd., PChome (Thailand) Co., Ltd., ECOSMOS PTE. Ltd., iThome Publications Inc., Yuntong Bao international information company, 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., PUMA Consultants, Ltd., PChome Japan KK, 21st Financial Technology Co., Ltd., YunTan Technology Inc., PChome Data Technology Co., Ltd. Director: Meet Digital Innovation Co., Ltd., Independent Director of Sinyi Realty Inc., PChome Marketplace Inc. (Cayman), PChome Holding Inc. (BVI), PC Home Online (Cayman) Inc., PC Home Online (HK) Ltd., Independent Director, Remuneration Committee Member of Asmedia Technology Inc., Independent Director, Remuneration Committee Member and Audit Committee Member of Lion Travel Service Co., Ltd., Rakuya International Info. Co. Ltd., PChome CBS Co., Ltd., PChome CB PTE. Ltd., Ruten Japan KK, Bibian Co., Ltd., EC Global Limited, Business Next Media Corp., APUJAN LTD., Newbloom Venture Co., Ltd., 17LIFE Inc., 21st Financial Technology Co., Ltd. (Cayman), Shang-En Info Co., Ltd..
Director (Corporate representative)	Bruce Chou (Note 1)	Chief Investment Officer and Chief Strategy Officer, PChome Online Inc. Director: 21st Financial Technology Co., Ltd., 21st Century Digital Technology Co., Ltd., Yuntong Bao International Information Corporation, 21st Financial Technology Co., Ltd. (Cayman), AccuHit Tech Holdings Limited (Cayman), Pi Mobile Technology Inc., PChome Interpay Inc., PChome Financial Technology Inc., YunTan Technology Inc., Junzhan Investment Limited, Taiwan Farm Industry CO., LTD., CHT-PCH No.1 Inc., Cornerstone Ventures Supervisor: Mengjiong Influence Investment Inc., LinkTel Inc., PChome eBay Co., Ltd., Pin Technology Co., Ltd., PChome Data Technology Co., Ltd., Nap Tea Co., Ltd., Shang-En Info 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., Director of Ipevo Inc..
Director (Corporate representative)	Ryan Kuo (Note 2)	Chairman: KATIE & RYAN INTERNATIONAL CO., LTD. Director: 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., FunNow Ltd., Leaderg Software Technology Inc., Hawooo.com Investment Ltd., Xrex Inc., 21st Financial Technology Co., Ltd., 21st Century Digital Technology Co., Ltd., 21st Financial Technology Co., Ltd. (Cayman), Pi Mobile Technology Inc., General Manager of CDIB Innovation Management Consultants Co., Ltd., General Manager

Title	Name	Concurrent Positions Held in the Company and Other Companies
		of CDIB Capital Innovation Accelerator Co., Ltd. and Deputy General Manager of CDIB Innovation Management Consultants Co., Ltd.
Independent Director	T.H. Tung	<p>Chairman: Pegatron Corporation, Kinsus Interconnect Technology Corp., Lumens Digital Optics Inc., , Asuspower Investment Co., Ltd., Asustek Investment Co., Ltd., RI-KUAN METAL CORPORATION, Aquamax Corporation, FISFISA MEDIA CO., LTD、 FacialBeau International Corporation.,Huayong Investment Ltd., Asfly Travel Service Ltd., ,Huawei Investment Ltd., Pega International Ltd.,</p> <p>Director: Kinsus Interconnect Technology Corp., Asrock Incorporation, Pegavision Corp., Q Place Creative Inc.,, Casetek Holdings Limited (CAYMAN), Pegatron Holding Ltd., Unihan Holding Ltd., Magnificent Brightness Ltd., Casetek Holdings Ltd., Protek Global Holdings Ltd., Digitek Global Holdings Ltd., Kinsus Corp. (USA), Pegatron Holland Holding B.V., Powtek Holdings Limited, Cotek Holdings Limited, Grand Upright Technology Limited, Aslink Precision Co. Ltd.</p> <p>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 National Chung-Shan Institute of Science & Technology, Director of Cloud Gate Culture and Arts Foundation and Director of Lovely Taiwan Foundation.</p>
Independent Director	Tan Hochen	Independent Director, Groundhog Inc , Director, Chairman, Taiwan Ecological Engineering Development Foundation

Note 1. The corporate representative of Site Inc.

Note 2. The corporate representative of CDIB Venture Capital Corporation.

1. Major Shareholders of the Corporate Shareholders

April 30, 2023

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholders(Note 2)
Site Inc.	PUMA Consultants, 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	CDIB Capital Group 100%

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.

2. Major Shareholders of Institutional Shareholders

April 30, 2023

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholders(Note 2)
HILDER Investment Limited	Arthur Lee (100%)
PUMA Consultants, 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%)
CDIB Capital Group	China Development Financial Holdings Corporation (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.

3.Directors' Education Training

Title	Name	Date of assumption of office	Date		Sponsoring Organization	Course	Duration (Hours)
			From	To			
Chairman	Hung-Tze Jan	2021/7/29	2022/6/21	2022/6/21	Taiwan Corporate Governance Association	Hotel Operation and New Opportunities in the Post-Pandemic Era	3
			2022/10/12	2022/10/12	Securities & Futures Institute	Emerging Fintech Crime and Anti-Money Laundering from a Corporate Perspective	3
						The Adaptation of Security Management Laws Under Ransomware Threats	3
Director	Bruce Chou	2021/7/29	2022/10/12	2022/10/12	Securities & Futures Institute	Emerging Fintech Crime and Anti-Money Laundering from a Corporate Perspective	3
						The Adaptation of Security Management Laws Under Ransomware Threats	3
Director	Vicky Tseng	2021/7/29	2022/10/12	2022/10/12	Securities & Futures Institute	Emerging Fintech Crime and Anti-Money Laundering from a Corporate Perspective	3
						The Adaptation of Security Management Laws Under Ransomware Threats	3
Director	Johnson Fong	2021/7/29	2022/10/12	2022/10/12	Securities & Futures Institute	Emerging Fintech Crime and Anti-Money Laundering from a Corporate Perspective	3
						The Adaptation of Security Management Laws Under Ransomware Threats	3
Director	Ryan Kuo	2021/7/29	2022/10/12	2022/10/12	Securities & Futures Institute	Emerging Fintech Crime and Anti-Money Laundering from a Corporate Perspective	3
						The Adaptation of Security Management Laws Under Ransomware Threats	3
Independent Director	T.H. Tung	2021/7/29	2022/4/25	2022/4/25	Taiwan Corporate Governance	Net Zero, Carbon Neutralisation, and Corporate Compliance	3

Title	Name	Date of assumption of office	Date		Sponsoring Organization	Course	Duration (Hours)
			From	To			
			2022/9/22	2022/9/22	Association	How Directors Decision-Making Avoid Confidence and Unconventional Dealings	3
			2022/10/31	2022/10/31		How to Effectively Maintain Brand Value from Trademark Cases	3
			2022/11/10	2022/11/10		Trade secret protection and insider trading prevention	3
Independent Director	Tan Hochen	2021/7/29	2022/10/12	2022/10/12	Securities & Futures Institute	Emerging Fintech Crime and Anti-Money Laundering from a Corporate Perspective	3
						The Adaptation of Security Management Laws Under Ransomware Threats	3

4. Directors' Professional Qualifications and Independent Disclosure of Independent Directors

Name	Professional qualifications and experiences	Independence Criteria (Two years before election and period of office)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Hung-Tze Jan (Director)	<p>Graduated from the Department of Economics, National Taiwan University as a writer, editor, filmmaker, publisher of Digital Age, and PChome Online Family Group and City-State Cultural Entrepreneur. He has served as director and supervisor of many publishing and information related industry associations in Taiwan, chairman of Taipei Magazine Association and National Policy Advisor of the President's Office of the Republic of China. With more than 30 years of media experience, he has worked in "United Daily", "China Times", Yuanliu Publishing Company, Rolling Stone Records, China TV, "Business Weekly" and has curated and compiled over 1,000 books. And founded "Computer Home", "Digital Age" and more than 40 kinds of magazines.</p> <p>Acumen in social trends, mastering how to turn culture into commercial power, no matter what field, can always start a new trend and lead Taiwan's new culture. In 1996, he pioneered Citystate Publishing Group, bringing new power to the transformation of Taiwan's publishing industry. In 1997, he was awarded the Diamond Medal by Taiwan People Magazine; 2015 Outstanding Achievement Award/Computer Society of the Chinese Computer Society in 2016; and the First Prize for Outstanding Contribution to the Taipei Film Awards in 2017.</p> <p>Regardless of the book on cultural</p>	Not having spouse or relative relationship with other directors, no matter 3 and 4 of Article 26 of Article 26 of the Securities Exchange Act.	3

Conditions Name	Professional qualifications and experiences	Independence Criteria (Two years before election and period of office)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	trends, creative production, social and economic issues, they are the indicators of Taiwan's cultural and Internet industry. Over the years, his books, Trends, Urban Observation, Creatives, Urban People, etc. have been a must-read for workers working in the creative industry.		
Corporate representative of Site Inc.: Bruce Chou (Director)	Graduated from the Department of Finance at National Taiwan University, former Morgan Stanley Analyst, Assistant Vice President of Investment Banking at Barclays Bank, and Managing Director of Zhuo Yi Capital. He is currently Chief Strategy Officer and CIO of PChome Group, specializing in corporate financial investment and industry research and analysis, with business, finance, investment strategy and other company business experience.	Not having spouse or relative relationship with other directors, no matter 3 and 4 of Article 26 of Article 26 of the Securities Exchange Act.	0
Corporate representative of Site Inc.: Vicky Tseng (Director)	Graduated from Boston University, Master of E-Commerce, EMBA Accounting at National Taiwan University, served as marketing director and chief strategy officer of PChome online Inc., and currently serves as general manager of PChome eBay Co., Ltd., Specialized in marketing strategy, brand marketing and leadership management, with the ability of product business promotion, competitive development and project planning team leadership.	Not having spouse or relative relationship with other directors, no matter 3 and 4 of Article 26 of Article 26 of the Securities Exchange Act.	0
Corporate representative of Site Inc.: Johnson Fong (Director)	Graduated from Taiwan Institute of Industrial Technology, and worked in Quanta Computer Corp., with international outlook, global professional market competitive strategy innovation, rich experience in	Not having spouse or relative relationship with other directors, no matter 3 and 4 of Article 26 of Article 26 of the Securities Exchange Act.	0

Conditions Name	Professional qualifications and experiences	Independence Criteria (Two years before election and period of office)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	cross-industry product promotion and practical experience in enterprise operation management, can provide important advice for the company's operation development.		
Legal representative of CDIB Venture Capital Corporation: Ryan Kuo (Director)	Graduated from the Department of Electrical Engineering of National Taiwan University. He has been involved in setting up the China Development and Innovation Acceleration Fund since 2015. Previously founded MoArt Semiconductor Corp. as General Manager, led the R&D team to design many of the world's leading wireless communication chips, with over 20 years of experience in the high-tech field. Specializing in corporate financial investment and industry research and analysis, with business, finance, investment strategy and other company business experience, can provide high value-added services for company operation management.	Not having spouse or relative relationship with other directors, no matter 3 and 4 of Article 26 of Article 26 of the Securities Exchange Act.	0
T.H. Tung (Independent Director)	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. 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. He partnered with Eslite Corporation to	Independence Criteria met: 1.I, my spouse, relatives within the second level are not a director, supervisor or employee of the Company or its affiliates; 2.I, my spouse, relatives within the second level (or in the name of another person) do not hold shares of the Company; 3.Not a director, supervisor or employee of a company with a	3

Conditions Name	Professional qualifications and experiences	Independence Criteria (Two years before election and period of office)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	<p>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 and has been a long-time sponsor of the Taiwan Literature Award for Migrants.</p>	<p>particular relationship with the Company;</p> <p>4.The amount of remuneration received for the business, legal, financial, accounting, etc. services of the Company or its affiliates in the last 2 years.</p> <p>According to the Company's Articles of Association and the Code of Practice on Corporate Governance, directors adopt a nomination system and are elected by shareholders on the list of candidates. At the time of nomination and selection of board members, the Company has obtained the director's written declaration and working qualification documents, and provides stakeholder information to verify that I, spouse, relatives within the second degree are not the directors, supervisors or employees of the Company or its affiliates. The independence of the company; and in the first two years and the period of tenure, comply with the eligibility criteria set out by the "Independent Directors' Setting and Compliance Measures of the Public Offering</p>	
Tan Hochen (Independent Director)	<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</p>		1

Conditions Name	Professional qualifications and experiences	Independence Criteria (Two years before election and period of office)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	<p>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 also introduced applied technologies to Chunghwa Telecom, such 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.</p>	<p>Company” and Article 14 of Article 14 of the Securities Trading Act, and the Independent Directors are in accordance with Article 3 of Article 14 of the Securities Trading Act Empowering full participation in decision-making and opinions to perform relevant powers independently, in accordance with the independent circumstances.</p>	

5.Board Diversity and Independence

Board Diversity

The company's board configuration takes diversity as the main consideration. The selection process of directors strives to be fair, fair and open, in line with the Company's Articles of Practice, Corporate Governance Code of Practice, and according to industry experience and professional ability, select directors with the knowledge, skills and support required to perform their duties.

According to the Company's Code of Practice, the composition of the board of directors should consider diversity and formulate appropriate diversification policies for operation, operation and development needs, including:

(1)Basic criteria and values: gender, age, country and culture.

- (2) Professional knowledge and skills: professional background, professional skills and industry 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 7 directors, of whom 1 are natural person director, 4 are legal representative directors and 2 are independent directors (accounting for 28.6%). 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, and one as chairman of a technology manufacturing group. 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)	

Management objectives	Achievement status
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.	✓

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

Diversity Items Name of Director	Basic composition								Industry experience					Professional competence				
	Nationality Gender	Employee status	Age				Independent directors' years of service			IT applications	Communication technology	Finance	Business & Supply	Professional Services and Marketing	Internet technology	Law	Accounting	Risk management
			40~50	51~60	61~70	71~80	> 3	3-5	6--9									
Hung-Tze Jan (Director)	R.O.C. Male	✓			✓					✓	✓	✓	✓	✓			✓	
Bruce Chou (Director)	R.O.C. Male	✓	✓							✓	✓	✓	✓	✓		✓	✓	
Vicky Tseng (Director)	R.O.C. Female	✓	✓							✓	✓	✓	✓	✓		✓	✓	
Johnson Fong (Director)	R.O.C. Male			✓						✓	✓	✓	✓	✓			✓	
Ryan Kuo (Director)	R.O.C. Male			✓						✓	✓	✓	✓	✓	✓	✓	✓	
T.H. Tung Independent Director	R.O.C. Male				✓		✓			✓	✓	✓	✓	✓			✓	
Tan Hochen Independent Director	R.O.C. male					✓	✓			✓	✓		✓	✓			✓	

- A. In measuring seven members (including two 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 two 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 29% of the entire directors. There are three other directors are with an employee status, taking up 42.9% of the entire directors. The age distribution of the directors covers 2 directors aged 40-50, 2 directors aged 51-60, 2 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 has met the criterias 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.

Independence of the Board:

The Company's Board of Directors supervises the company's development strategy, oversees management and is responsible for the company's shareholders. In the operation and arrangement of the corporate governance system, the Board of Directors according to laws, articles of association and shareholders' meeting resolution, to exercise its powers. The Board of Directors emphasizes the independent operation and transparency function. Each director and independent director are independent individuals, independent exercise of their duties. The company set up three independent directors (one missing will be elected at the recent shareholders' meeting), with tenure of less than 3 years, independent directors are national, 2 independent directors accounted for 29%; the audit committee consists of all independent directors, whose responsibilities are to supervise the company's financial statements The expression of the table, the choice of an accountant and independence and performance, supervise the effective implementation of internal control system, company compliance with relevant laws and company risk control, etc.

The directors of the Company do not have spouse or kinship relationship with other directors. There is no such thing as stipulated in item 3 and 4 of Article 26 of Article 26 of the Securities Exchange Act.

[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	✓		
Tan Hochen	✓		

The company's 2 independent directors tenure for the following 3 years are all national members, the composition structure accounted for 29% of 2 independent directors; 3 directors as employees. The age distribution of the directors covers 1 director aged 31-40, 1 directors aged 41-50, 2 directors aged 51-60, 2 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 one female member (one of whom is an independent director), representing 14% of the entire directors. The Company will continue to strive to increase the percentage of female directors in the future.

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

April 30, 2023

Title/Name (Note 1)	Nationality Gender	Date Elected (Appointed)	Spouse & Minor Shareholding		Shareholding of Spouse and Minor Children		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Positions Concurrently Held in Other Companies	Managers who are Spouses or Within two degrees of Kinship			Remarks (Note 3)
			Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager Alice Chang	R.O.C. Female	2022.8.16	0	0%	0	0%	0	0%	Master of Science in Management, Stanford University EXPEDUS Program Manager Intern GOOGLE Partner Technology Manager Founder and CEO, Mommy Love	Note 5	None	None	None	None
Deputy General Manager Vicky Tseng	R.O.C. Female	2002.1.7	200,752	0.16%	5,833	0%	0	0%	MS, Administrative studies - e-commerce, systems & technology, Boston University EMBA, Accounting, National Taiwan University Marketing Director of PChome Online Inc.	Note 4	None	None	None	None
Deputy General Manager Leo Lu	R.O.C. Male	2000.3.13	757	0%	1,015	0%	0	0%	Department of Accounting, Chinese Culture University	Supervisors of companies, such as PChome Financial Technology Inc., PChome Travel Inc., PChome Express Co., Ltd., PChome CBS Co., Ltd., PChome InterPay Inc. and YunTan Technology Inc..	None	None	None	None
Deputy General Manager Hsing-Chi, Chen	R.O.C. Female	2020.9.14	23,000	0.02%	0	0%	0	0%	New York University School of Education Chief Human Resource Officer of Trans Globe Life Vice President of Citibank	None	None	None	None	None
Deputy General Manager Bruce Chou	R.O.C. Male	2020.11.2	60,000	0.05%	0	0%	10,000	0.01%	Department of Finance, National Taiwan University Zoyi Capital Managing Director Barclays Capital Assistant VP	Note 4	None	None	None	None
Deputy General Manager Li-Ling, Chang	R.O.C. Female	2022.5.3	0	0%	0	0%	0	0%	Master of Business Administration, National Taipei University Senior Vice President, Strategic Partnerships and Business Development, Euler (Taiwan) Chief Operating Officer, Euler (Hong Kong/Macau) Vice President, Operations & Storage, Euler Taiwan	Director and General Manager of PChome Express CO. Ltd.	None	None	None	None
Deputy General Manager Wen-Hsuing Tsai	R.O.C. Male	2020.12.8	11,409	0.01%	0	0%	0	0%	The Management Research Institute of Fu Jen Catholic University PChome Online Inc. Deputy General Manager	PChome (Thailand) Co., Ltd. Director	None	None	None	None
Deputy General Manager Mei-Ying Ou	R.O.C. Female	2022.4.6	0	0%	0	0%	0	0%	National Taiwan University EMBA Vice President, Public Relations, Yahoo Vice General Manager, Ogitte PR	None	None	None	None	None
Deputy General Manager Hsiao-Hui Hu	R.O.C. Female	2021.10.12	0	0%	0	0%	0	0%	MBA Program, Department of Commerce, National Taiwan University Deputy General Manager, Taishin International Bank Co., Ltd.	None	None	None	None	None
Deputy General	R.O.C.	2022.3.1	15,000	0.01%	0	0%	0	0%	State University of North Alabama, USA.	None	None	None	None	None

Title/Name (Note 1)	Nationality Gender	Date Elected (Appointed)	Spouse & Minor Shareholding		Shareholding of Spouse and Minor Children		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Positions Concurrently Held in Other Companies	Managers who are Spouses or Within two degrees of Kinship			Remarks (Note 3)
			Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Manager Yue-Wei Wan	Male								Assistant manager, Elifemall					
Assistant Vice President Ying-Hsuan Chao	R.O.C. Female	2019.05.15	17,970	0.01%	0	0%	0	0%	Master of Business Administration, Long Island University, New York	Director, PChomeStore Inc. Director of eCrowd Media, Inc. Director, PCHOME US INC. Supervisor of PChome InterPay Inc.	None	None	None	None
Assistant Vice President Hong-Jia Shao	R.O.C. Male	2022.2.7	0	0%	0	0%	0	0%	M.S. in Marketing and Distribution Management, Kaohsiung First University of Science Vice President and Chief Business Officer, Alda Technologies Operating Officer, Civil TV	None	None	None	None	None
Assistant Vice President Penny Lin	R.O.C. Female	2022.3.1	4,000	0%	13,000	0.01%	0	0%	Master of Business Administration, University of Illinois at Urbana-Champaign Investor Relations Manager, Qijing Optoelectronics Client Relations Manager, Corporate Banking, Deutsche Bank	None	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 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 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 12.

Note 5. Deputy General Manager Greena Lin resigned on February 28, 2023; Deputy General Manager Cheng-Ching Wei resigned on March 31, 2023.

Note 6. Positions Concurrently Held in Other Companies

Title	Name	Positions Concurrently Held in Other Companies
General Manager	Alice Chang	Chairman :Pin Technology Co., Ltd., 、Shang-En Info Co., Ltd.. Directors: 21st Financial Technology Co., Ltd. 、21st Century Digital Technology Inc. 、21st Financial Technology Co., Ltd.(Cayman) 、Yuntong Bao International Information Corporation 、PChome Co., Ltd. 、UPN Information Co., Ltd. 、LinkTel Inc. 、PCHOME International Co., Ltd. (B.V.I.) 、PCHOME US INC. 、Pi Mobile Technology Inc.、 PChome Financial Technology Inc.、 PChome Express CO. Ltd.、 PChome CB Co., Ltd.、 PChome Data Technology Co., Ltd.

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 December 31, 2022

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 Consolidated Entities (Note 7)	The Company	From Consolidated Entities (Note 7)	The Company	From Consolidated Entities (Note 7)	The Company	From Consolidated Entities (Note 7)	The Company	From Consolidated Entities (Note 7)	The Company	From Consolidated Entities (Note 7)	The Company	From Consolidated Entities (Note 7)	The Company	Cash	Stock	From Consolidated Entities (Note 7)	The Company		From Consolidated Entities (Note 7)
Chairman Hung-Tze Jan	360	360	0	0	532	532	0	0	892 (1.7)%	892 2.0%	8,206	8,206	0	0	0	0	0	0	9,098 (17.2)%	9,098 20.9%	0
Director Site Inc. Representative: Bruce Chou	358	358	0	0	0	0	0	0	358 (0.7)%	358 0.8%	8,176	8,176	0	0	397	0	397	0	8,931 (16.9)%	8,931 20.5%	0
Director Site Inc. Representative: Vicky Tseng	360	360	0	0	0	0	0	0	360 (0.7)%	360 0.8%	1,112	4,433	0	0	0	0	788	0	1,472 (2.8)%	5,581 12.8%	0
Director Site Inc. Representative: Johnson Feng	360	360	0	0	0	0	0	0	360 (0.7)%	360 0.8%	0	0	0	0	0	0	0	0	360 (0.7)%	360 0.8%	0
Director CDIB Venture Capital Corporation Representative: Ryan Kuo	0	0	0	0	0	0	0	0	0 0%	0 0%	0	0	0	0	0	0	0	0	0 0%	0 0%	0
Independent Director T.H. Tung	1,200	1,200	0	0	0	0	0	0	1,200 (2.3)%	1,200 2.8%	0	0	0	0	0	0	0	0	1,200 (2.3)%	1,200 2.8%	0
Independent Director Tan Hochen	1,200	1,200	0	0	0	0	0	0	1,200 (2.3)%	1,200 2.8%	0	0	0	0	0	0	0	0	1,200 (2.3)%	1,200 2.8%	0
Corporate Director Site Inc.	0	0	0	0	1,596	1,596	0	0	1,596 (3.0)%	1,596 3.7%	0	0	0	0	0	0	0	0	1,596 (3.0)%	1,596 3.7%	0
Corporate Director CDIB Venture Capital Corporation	159	159	0	0	532	532	0	0	691 (1.3)%	691 1.6%	0	0	0	0	0	0	0	0	691 (1.3)%	691 1.6%	0

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 the 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 states that remuneration to Directors shall not exceed 1.5% of the annual profit. According to provisions in the Company's Compensation Committee Charter, relevant performance evaluation and the reasonableness of remuneration are reviewed by the Compensation Committee and the Board of Directors. Remuneration system is constantly reviewed based on actual operational status and relevant laws and regulation 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 compensation (including stocks and cash) shall disclose the amount of employee compensation 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. This column should be clearly stated in the amount of remuneration collected by directors from outside subsidiaries.

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 compensation 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.

(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 December 31, 2022

Title Name	Salary (A) (Note 2)		Severance Pay (B)		Bonus and Allowances, etc. (C)		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			
Former General Manager Kevin Tsai(Note)	5,791	5,791	0	0	7,546	7,546	0	0	0	0	13,337 (25.3)%	13,337 30.6%	0
Deputy General Manager Bruce Chou	6,576	6,576	0	0	1,600	1,600	397	0	397	0	8,573 (16.2)%	8,573 20.0%	0
Deputy General Manager Cheng-Ching Wei	302	5,903	0	1,000	716	1,316	0	0	0	0	1,018 (1.9)%	8,219 18.9%	0
Chairman Hung-Tze Jan	5,323	5,323	0	0	2,883	2,883	0	0	0	0	8,206 (15.5)%	8,206 18.8%	0
Deputy General Manager Hsing-Chi, Chen	5,660	5,660	0	0	1,276	1,276	329	0	329	0	7,265 (13.8)%	7,265 16.7%	0
General Manager Alice Chang	28,135	31,496	1,152	1,152	7,772	10,576	407	0	1,195	0	37,466 (71.0)%	44,419 101.9%	0
Deputy General Manager Leo Lu													
Deputy General Manager Vicky Tseng													
Deputy General Manager Li- Ling Chang													
Deputy General Manager Yue-Wei Wan													
Deputy General Manager Wen-Hsuing Tsai													
Deputy General Manager Xiao-Hui Hu													
Deputy General Manager Mei-Ying, Ou													
Deputy General Manager Scott Chen(Note)													
Deputy General Manager Pei-Hong Shen (Note)													
Deputy General Manager Shan-Ru Lin(Note)													

Deputy General Manager Hu Yu-Shu (Note)																				
Deputy General Manager Greena Lin																				

Note: Former general manager Kevin Tsai resigned on July 4, 2022, deputy general manager Scott Chen resigned on July 29, 2022, deputy general manager Shen Peihong resigned on December 9, 2022 deputy general manager Hu Yushu resigned on August 22, 2022, and deputy general manager Lin Shanru resigned on September 16, 2022.

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)	All Companies in the Financial Statements (Note 7)
Less than NT\$1,000,000	Wen-Hsiung Tsai, Scott Chen	Scott Chen
NT\$1,000,000 (inclusive) to 2,000,000 (exclusive)	Vicky Tseng, Cheng-Ching Wei	0
NT\$2,000,000 (inclusive) to 3,500,000 (exclusive)	Alice Chang, Leo Lu, Shan-Ru Lin, Mei-Ying Ou, Greena Lin	Alice Chang, Leo Lu, Shan-Ru Lin, Mei-Ying Ou, Greena Lin
NT\$3,500,000 (inclusive) to 5,000,000 (exclusive)	Yu-Shu Hu, Li-Ling Chang, Pei-Hong Shen, Xiao-hui Hu	Yu-Shu Hu, Li-ling Chang, Pei-hung Shen, Hsiao-Hui Hu, Wen-Hsiung Tsai
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Bruce Chou, Hong-Zhi Zhan, Hsing-Chi Chen, Yue-Wei Wan	Bruce Chou, Hong-Zhi Zhan, Hsing-Chi Chen, Cheng-Ching Wei, Yue-Wei Wan, Vicky Tseng
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	Kevin Tsai	Kevin Tsai
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	0	0
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	0	0
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	0	0
NT\$100,000,000 and above	0	0
Total	18 people	18 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, compensations (including compensation 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 December 31, 2022

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
General Manager	Chairman	Hung-Tze Jan	0	2,164	2,164	(4.10)%
	Former General Manager	Kevin Tsai (Note 6)				
	General Manager	Alice Chang				
	Deputy General Manager	Leo Lu				
	Deputy General Manager	Hsing-Chi Chen				
	Deputy General Manager	Bruce Chou				
	Deputy General Manager	Li-Ling Chang				
	Deputy General Manager	Yue-Wei Wan				
	Deputy General Manager	Cheng-Ching Wei				
	Deputy General Manager	Wen-Hsuing Tsai				
	Deputy General Manager	Vicky Tseng				
	Deputy General Manager	Xiao-Hui Hu				
	Deputy General Manager	Shan-Ru Lin (Note 6)				
	Deputy General Manager	Mei-Ying Ou				
	Deputy General Manager	Yu-Shu Hu (Note 6)				
	Deputy General Manager	Scott Chen (Note 6)				
	Deputy General Manager	Pei-Hong Shen (Note 6)				
	Deputy General Manager	Greena Lin				
	Assistant Vice President	Ying-Hsuan Chao				
	Assistant Vice President	Penny Lin				
	Assistant Vice President	Hung-Jia Shao				
	Assistant Vice President	Shih-Hou Fang (Note 6)				
	Assistant Vice President	Luke Han (Note 6)				
Assistant Vice President	Tsz-Wai Jung (Note 6)					
Assistant Vice President	Tsan-Yuen Chen (Note 6)					

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 2023 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 2022; 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 remuneration of the current manager at the end of 2022 is set out. Please refer to the general manager, deputy general manager, associate manager, department and branch office supervisor table.

Note 6. Former general manager Kevin Tsai resigned on July 4, 2022, deputy general manager Scott Chen Chun-Yeung resigned on July 29, 2022, deputy general manager Shen Peihong resigned on December 9, 2022

deputy general manager Yu-Shu Hu resigned on August 22, 2022, and deputy general manager Shan-Ru Lin resigned on September 16, 2022. Assistant Assistant Shih-Hao Fang resigned on June 30, 2022, Assistant Assistant Luke Han on November 30, 2022, Resignation of Assistant Zi-Wei Chung on November 18, 2022, and Assistant Director Tsan-Yuen Chen transferred on November 30, 2022.

(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: Individually disclosed in accordance with regulations .
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: %

Year	Percentage of Total Remuneration to Net Income			
	2021		2022	
	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities
Director	1.9%	3.0%	(12.6)%	15.3%
General Manager and Deputy General Manager	91.9%	154.8%	(143.7)%	206.5%

Note: The compensation for directors does not include those for adjunct president and vice president.

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 fixed remuneration standard of directors' remuneration was passed by the Board of Directors and proposed to the Company's 2005 Annual Shareholders' Meeting. 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. In accordance with the company's "salary management method" and "employee compensation payment method", and according to the merits of operating performance, the management supervisor's bonus and remuneration will be issued.
- 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. The actual amount of remuneration paid to directors and managers for 2022 was determined by the Board of Directors after scrutiny by the Remuneration Committee.

3. Correlation with business 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 nine Board meetings in the FY 2022 (A). The attendance of Directors as follows:

2022.12.31

Title	Name (Note 1)	Attendance in Person B	Attendance by Proxy	Attendance Rate (%) (B/A) (Note 2)	Remarks
Chairman	Hung-Tze Jan	9	0	100%	
Director	Kevin Tsai	5	0	100%	Resigned on 2022/7/4
Director	Bruce Chou	5	0	100%	Resigned on 2022/6/21
Director	Site Inc. Representative : Vicky Tseng	9	0	100%	
Director	Site Inc. Representative : Johnson Fong	5	0	56%	
Director	Site Inc. Representative : Bruce Chou	4	0	100%	Newly-elected on 2022/6/22
Director	Site Inc. Representative: Ryan Kuo	5	0	100%	Resigned on 2022/6/22
Director	CDIB Venture Capital Corporation Representative: Ryan Kuo (new)	4	0	100%	Newly-elected on 2022/6/22
Independent Director	T.H. Tung	9	0	100%	
Independent Director	Tan Hochen	9	0	100%	
Independent Director	Margaret Huang	0	0	NA	Resigned on 2022/7/7

Other mentionable items:

- 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:

(1) 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.

(2) 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 2022.

2. The director's implementation of the avoidance of interest motions should state the name of the director, the content of the motion, the reason for the interest avoidance and the voting situation: On October 12, 2022, for the proposal of getting Google Cloud Platform Procurement, Corporate Director Representative Ryan Kuo does not participate in the agreement because of the relationship statement, and the rest of the directors had no further comments after asking for confirmation of the details.

3. Listed companies shall disclose information such as the evaluation cycle and period, assessment scope, method and content of the self- (or peer) evaluation of the Board: The Company formulated and passed the Company's "Board Self-Evaluation or Peer Evaluation Measures" on May 13, 2020, and completed the Evaluation of 2022 at March 2023.

Evaluation Frequency	Evaluation Period	Scope	Evaluation Method	Evaluation Details
Once a year	January 2022 ~ December 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) Evaluation of performance for the individual board members: participation in the operation of the Company, the improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control;
- (2) Evaluation of performance for the individual board members: 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;
- (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 2022 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 March 20, 2023. The self-evaluation results at this time are as follows:

A. Board's self-evaluation:

- (A) 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.
- (B) Self-assessment results: an average of 4.89 points; excellent.

B. Self-evaluation of functional committees:

- (A) 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.
- (B) Self-assessment results: average 5 points; excellent.

C. Board members' self-evaluation:

- (A) 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.
- (B) Self-assessment results: average 4.63 points; excellent.

4. 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 members 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. Chen-Tan Ho, 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	Tan Hochen	7	100%	Assuming office on July 29, 2021
Audit Committee member	T.H. Tung	7	100%	Assuming office on July 29, 2021
Audit Committee member	Margaret Huang	0	NA	2022.7.13 Resignation

Other mentionable items:

- 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:

(1)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
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
2022.08.08	Approval of 2021 Q2 financial statements	Approved by all Independent Directors

- 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 2022.

- 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.

- 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):

(1)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;

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

- (3)The internal auditing officer submits summarized auditing report to the Audit Committee on a monthly basis according to the annual audit plan;
- (4)Evaluate the independence of the CPAs annually and submit the outcome to the Audit Committee for review; and
- (5)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.

4. Annual work priorities and operations:

(1) Annual Highlights

- A. Regularly communicate the audit report results with the internal audit officer according to the annual audit plan.
- B. Regularly communicate with the Company's CPAs on the review or audit results of the financial statements of each quarter.
- C. Review financial reports.
- D. Assess the effectiveness of the Company's internal control system.
- E. Review the appointment, dismissal, remuneration and services of.
- F. Evaluate independence of the Company's CPAs.
- G. Review assets, derivatives, capital loans, endorsements and guarantees and related transactions.
- H. Regulatory compliance

- (2)All Audit Committee proposals were subject to the Audit Committee's review or approval. No objections were raised by the independent directors.

(3) 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			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	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 https://corporate.pchome.com.tw/about_us/internal_policies.php?item_id=32&lang=2 .	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?	✓		Master the final controller list of the major shareholders and major shareholders of the actual control company at any time, and report transaction information according to the listed company information reporting procedures.	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 Parties, and Procedures for Derivative Transactions are formulated in reference to the	None

Evaluation Item	(Note 1) Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary (Note 2)	
			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.	None
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. and plan board seats toward the balance of sexes.</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: 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 diversity policy and implementation are described on page 26 below.</p>	None
(II) Other than Remuneration and Audit Committees which are required by laws, does the Company plan to set up other		✓	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

Evaluation Item	(Note 1) Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary (Note 2)	
functional committees?				
(III) Does the company set board performance evaluation methods and evaluation methods, and conduct annual performance evaluation regularly, report the results of performance evaluation to the Board, and use it for reference for individual directors' salary remuneration and nomination renewal?	✓		<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 2022 by 2023/3/20.</p> <p>The regulations must be performed at least once a year by internal self-assessment, self-assessment of the board of directors, peer assessment or other appropriate means to evaluate the results and submit the report to the Board of Directors for prosecutors and improvements. The performing unit performing performance evaluation must have a fair, objective and independent role, and is not directly interested in the operation of the assessed unit. Evaluation of performance for the individual board members: 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 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.</p>	None

Evaluation Item	(Note 1) Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary (Note 2)	
(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 enhance CPA's independence and familiarity with the Company's business, the Company conducts an internal adequacy assessment on CPAs annually. The outcome was reviewed and approved by the Audit Committee and the Board to implement corporate governance and enhance the functions of the Board. If there is a change to the visa accountant, the company will understand the reasons for the replacement, and check the accountant related information to the audit committee for review, and report to the board of directors for discussion.	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 according to laws and regulations, produce minutes of Board meetings and shareholders meetings, etc.)?	✓		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
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	✓		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.	None

Evaluation Item	(Note 1) Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary (Note 2)	
responsibilities issues that are essential to stakeholders?			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.	
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) 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 collection and disclosure, implementing spokesperson system, uploading investor conference recordings to the corporate website)?	✓		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 website designated by the competent authority.	None
(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.	None
VIII. Whether the Company has any other important information to understand the operation of corporate governance	✓		(I) Employee Rights, Employee Care In terms of employee rights and welfare, the Company has drawn up personnel management rules using Labor Standards Act, Act of Gender Equality in	None

Evaluation Item	(Note 1) Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary (Note 2)	
(including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisors training, risk management policy and risk measurement criteria); (Implementation of the account policy, the company purchasing liability insurance for directors and supervisors, etc.)?	✓		Employment, Sexual Harassment Prevention Act, and relevant laws and regulations as the minimum requirements to ensure employees' rights and interests.	None
	✓		(II)INVESTORRELATIONS 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.	None
	✓		(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.	None
	✓		(IV)Rights of stakeholders In terms of the rights of stakeholders, the Company has established various sound and open communication channels and handled relevant matters by the principle of honesty and in a responsible manner to protect stakeholders' rights and interests.	None
	✓		(V)Implementation of risk management policies and risk evaluation measures and implementation of customer relations policies 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. 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.	None
	✓		(VI)Liability insurance for Directors 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	None

Evaluation Item	(Note 1) Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary (Note 2)	
			risk of significant damage to the Company and its shareholders due to error or negligence.	
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.)	✓		Since 2022, the company has reviewed the annual corporate governance evaluation results by a dedicated department,the project one by one, and reviewed the improvement parts. Specific improvement measures such as supplemental annual report on the information disclosure procedures are expected to enhance the score and improve corporate governance ranking .	

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

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

A. 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.

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

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

B. 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.

C. Members of Remuneration Committee

Identity (Note 1)	Conditions Name	Professional qualifications and experiences (Note 2)	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Convener 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. 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 and has been a long-time sponsor of the Taiwan Literature Award for Migrants.</p>	<p>Independence Criteria met:</p> <ol style="list-style-type: none"> 1. I, my spouse, relatives within the second level are not a director, supervisor or employee of the Company or its affiliates; 2. I, my spouse, relatives within the second level (or in the name of another person) do not hold shares of the Company; 3. Not a director, supervisor or employee of a company with a particular relationship with the Company; 4. The amount of remuneration received for the business, legal, financial, accounting, etc. services of the Company or its affiliates in the last 2 years. 	3
Independent Director	Tan Hochen	<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</p>	<p>According to the Company's Articles of Association and the Code of Practice on Corporate Governance, directors adopt a nomination system and are elected by shareholders on the list of candidates. At the time of nomination and selection of board members, the Company has</p>	1

Identity (Note 1)	Conditions Name	Professional qualifications and experiences (Note 2)	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
		<p>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 also introduced applied technologies to Chunghwa Telecom, such 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.</p>	<p>obtained the director's written declaration and working qualification documents, and provides stakeholder information to verify that I, spouse, relatives within the second degree are not the directors, supervisors or employees of the Company or its affiliates. The independence of the company; and in the first two years and the period of tenure, comply with the eligibility criteria set out by the "Independent Directors' Setting and Compliance Measures of the Public Offering Company" and Article 14 of Article 14 of the Securities Trading Act, and the Independent Directors are in accordance with Article 3 of Article 14 of the Securities Trading Act Empowering full participation in decision-making and opinions to perform relevant powers independently, in accordance with the independent circumstances.</p>	
Independent Director (Resigned on 2022/7/7)	Margaret Huang	<p>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.</p>		0
Others (Appointed by the Board of Directors on 2022/8/8)	Chang-Sung Yu	Served as the last remuneration committee member of the Company		1

- 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 members of the Remuneration Committee of the Company are independent directors of the Company, please refer to page 17 of Directors' Information.
- Note 2. Professional qualifications and experience: Describe the professional qualifications and experience of members of individual remuneration committee.
- Note 3. 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.

D. Operation of Remuneration Committee

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

(B)The term of office: from August 2, 2021 to July 28, 2024. The Compensation Committee convened two meetings in 2022 (A). The qualification and attendance of members are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	T.H. Tung	2	0	100%	
Member	Tan Hochen	2	0	100%	
Member	Margaret Huang	0	0	NA	Resigned on 2022/7/13
Member	Chang-Sung Yu	0	0	NA	Appointed on 2022/8/8
Other mentionable items:					
1. If the Board of Directors decline to adopt or amend a recommendation of the Compensation Committee, the date and session of the Board meeting, content of the motion, resolution and actions taken regarding the Compensation Committee's opinions shall be specified (if the compensation 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 Compensation 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.

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

Items promoted	Status (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?	✓		The Company established a Sustainable Development Committee in 2022, chaired by the CEO, and set up an ESG Committee , comprising a “Corporate Governance and Responsibility Group”, “Eco-Friendliness Group” and “Employee and Social Care Group”. Under the Committee, the Committee also established an Executive Group Convenor and a Group Steering Committee Member, responsible for guiding the planning and execution of each group's sustainability projects. Panel members regularly track and discuss the implementation status. The Board of Directors regularly listens to the ESG Committee's report once a year to keep abreast of the company's ESG strategy progress, and urge the team to make strategic adjustments and provide the necessary resources when needed.	None
II. 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.Taking into account the company's operating strategy, sustainability trends, issues of competent authorities, etc. the ESG Committee builds a list of major issues covering environmental, social and corporate governance based on materiality principles. Through the process of identification of major issues, major issues can be identified, measured, and evaluated, and also oversee and control risk management policies and specific action plans as an important basis for sustainable</p>	None

Items promoted	Status (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons therefor						
	Yes	No	Summary							
			<p>development. A summary of the risk management policy or strategy is as follows:</p> <table border="1"> <thead> <tr> <th>Issues of materiality</th> <th>Risk assessment items</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Environment-related</td> <td>Green packaging</td> <td>In light of the need to consume a significant amount of single-use packaging in traditional online shopping, PChome as the first major integrated online shopping platform in Taiwan to receive the carbon label, the company has adopted packaging reduction, environmentally friendly materials and recycled packaging materials as green packaging strategy: 1. Full use of environmentally friendly cartons, the box is made of 100% recycled pulp; 2. Maintain the original color of the pulp, 3.The ink printed on small external areas of the boxes is made from RoHS compliant, eco-friendly, and water-soluble ink , and the printed area of the box is less than 50%, thus reducing ink use. 4. The high-density paper increases the reuse rate and lowers carbon emissions, and start the whole warehouse and consolidate the box to reduce order shipment and reduce carbon emissions.</td> </tr> </tbody> </table>	Issues of materiality	Risk assessment items	Description	Environment-related	Green packaging	In light of the need to consume a significant amount of single-use packaging in traditional online shopping, PChome as the first major integrated online shopping platform in Taiwan to receive the carbon label, the company has adopted packaging reduction, environmentally friendly materials and recycled packaging materials as green packaging strategy: 1. Full use of environmentally friendly cartons, the box is made of 100% recycled pulp; 2. Maintain the original color of the pulp, 3.The ink printed on small external areas of the boxes is made from RoHS compliant, eco-friendly, and water-soluble ink , and the printed area of the box is less than 50%, thus reducing ink use. 4. The high-density paper increases the reuse rate and lowers carbon emissions, and start the whole warehouse and consolidate the box to reduce order shipment and reduce carbon emissions.	
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	Yes	No	Summary	
			governance aspect Governance and Compliance operations. PChome continues to promote training to reflect integrity, governance and compliance in the daily business of each colleague and partner vendor. Through the establishment of corporate governance organization and implementation of internal control mechanisms, all personnel of the company can truly comply with relevant laws and regulations.	
III.Environmental Issues				
(I)Does the Company establish environmental management system designed to fit industry characteristics?	✓		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. The Company promotes initiatives on “Green packaging, Green transportation, Green warehousing and Green payment” to realize a new paradigm of green e-commerce.	None
(II)Has the Company committed itself to improving energy efficiency and using recycled materials with low environmental impact?	✓		The Company actively promotes energy reduction measures. Relevant actions include paperless operation, encouraging consumers to use e-invoices, paperless e-tickets, the t 31 environmentally friendly cartons using 100% recycled pulp, leading the use of environmentally friendly tear-tape,	None

Items promoted	Status (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons therefor
	Yes	No	Summary	
			using a new kind of easy-tear tape, box number recommendation system , etc. At the same time, we actively promote energy saving and waste reduction. In the warehouse , we continue to replace more than 70,000 square area’s bulbs into LED lighting equipment, and optimize the overall warehouse automation equipment, effectively improving energy use efficiency.	
(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?	✓		With reference to Task Force on Climate-Related Financial Disclosures (TCFD) and other climate-related risks and opportunities identified by domestic and foreign peers, the Company established a climate change assessment questionnaire, and invited representatives of all units to conduct in-depth discussions to identify climate-related risks and opportunities with the highest probability of occurrence. In 2022, the Company identified 4 transformation risks, 2 physical risks, and 3 opportunities to provide key management measures for each risk and opportunity, and regularly reported the achievement of the targets in our sustainability report.	None
(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?	✓		1.The company continues to promote energy-saving and carbon reduction programs, such as the use of energy-efficient lighting fixtures throughout the warehouse, the introduction of e-scooters , and through big data actuation, to reduce order shipments, thereby saving the fuel consumption of the fleet. The greenhouse gas emission statistics are as follows:	None

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			<p>checking the water storage condition of the building tank, maintaining the normal operation of pumping motor to ensure the backup water source stability. In the future, we will continue to introduce water saving measures and staff advocacy to control water resources.</p> <p>3.As the e-commerce online shopping channel platform, the use of resources is simple, in accordance with the waste regulations of the EPD does not produce harmful waste, the main waste is the packaging cartons, and the waste cartons are collected and recycled regularly. The general waste recycling volume in 2022 and 2021 was 1,157 tons and 1,341 tons respectively.</p> <p>4.The Company is the first large-scale integrated e-commerce 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 implement carbon reduction strategies.</p> <p>5.As part of our commitment to reducing carbon emissions, we expect to implement the following measures:</p> <p>(1)The introduction of paperless warehouse system.</p> <p>(2)Constructing green building warehouses, with the introduction of AI intelligent logistics automation equipment including carton and palletized shuttle rack system (AGV), etc., will be able to adjust the energy saving operation mode in the warehouse.</p> <p>(3)Using low-carbon vehicles for logistics.</p>	

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	Yes	No	Summary	
IV.Social Issues				
(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</p> <p>, and formulates human rights policies and personnel rules and regulations. We are committed to establishing a work environment that values human rights, is free from discrimination and harassment, and protects the rights and interests of our employees, and upholds a people-oriented, merit-based, and fit-for-purpose philosophy that allows employees to give full play to their talents in an inclusive, equal, and pluralistic environment. This includes respecting workplace human rights to protect employees' rights and interests and employment policies without differential treatment, providing a safe and healthy working environment, protecting employees' freedom of association and group consultation rights, establishing smooth channels of communication between employers and employees, information security and personal data protection, promoting human rights policies, and regularly reviewing and evaluating human rights policies and related actions. Translated with DeepL In addition, the company regularly handles illegal infringement training and related human rights education and training to enhance the awareness and understanding of possible risks of human rights related issues and reduce the possibility of violations of human rights. At the same time, we provide stable and competitive treatment, complete training, promotion and development system to</p>	None

Items promoted	Status (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons therefor
	Yes	No	Summary	
			enhance employees' professional competence. In review of 2022. In 2021 there were no cases of breaches of privacy in respect of customer information or complaints of missing data.	
(II) Does the Company formulate and execute reasonable employee welfare measures (including compensation, leaves and other benefits), and have the operating performance or results properly reflected in employee compensation?	✓		<p>1. Implement reasonable employee welfare measures: PChome offers a diverse array of positions. We welcome with an open mind all talented people regardless of age to join us. We do not discriminate on the basis of gender, age, race, religion, marital status, or political belief The salary part mainly consists of three parts: basic salary, bonus, and benefits. The basic salary is based on the market condition of the position held by the employee; the bonus is linked to the achievement of employees, department goals and the company's operating performance. According to the company personnel management regulations, there is an employee performance appraisal system, and consider the employee's learning experience, professional knowledge and technology, experience and personal performance, to determine the salary level of each employee. In terms of performance appraisal, the company sets work targets for employees every year, and ties performance appraisal outcomes to their remuneration and bonuses, so that they can grow together with the Company. The company set up an employee welfare committee according to law to allocate funds on a monthly basis, and handle various welfare measures on a regular basis. The main welfare measures include: workplace welfare, festival celebration, life care, employee fun, health care, training incentives, etc.</p> <p>2. The Company's operating performance is reflected in employee remuneration:</p>	None

Items promoted	Status (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons therefor
	Yes	No	Summary	
			<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 emuneration, 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 according to market remuneration levels, economic trends and individual performance in order to maintain the overall remuneration competitiveness.</p>	
(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 Human Resource Department presides over the Company’s occupational safety and health matters, and implement the various occupational safety and health matters and devise relevant policies, and then establish a safe and secure work environment for all employees.</p> <p>2.To enhance the awareness of occupational safety and health, through organising occupational safety and health related education and training, we reviewed the total number of hours of occupational safety and health training in 2022. The relevant training is as follows:</p> <p>(1)Education and training for new occupational safety and health personnel: introduction of occupational safety and health related laws, epidemic prevention policies and precautions.</p>	None

Items promoted	Status (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons therefor
	Yes	No	Summary	
			<p>(2) Training on operation machinery: forklift safety council and rehearsal, safety and health promotion, charging steps and precautions for electric towing system, driving safety training, more than 1,500 participants.</p> <p>(3) Fire escape drill: simulation of fire before the arrival of firefighters, the internal staff of the premises under the premise of ensuring their own safety, can quickly judge the situation, effective evacuation guidance and response, participation rate of 78%.</p> <p>(4) Occupational safety and health new, general working personnel education and training: introduction of occupational safety and health related laws, epidemic prevention policy and precautions promotion, safety and health promotion of relocation personnel.</p> <p>(5) Contractor's work site hazard notification: forklift loan filling and hazard notification, replacement of internal whistle automatic glass door, lifting equipment and automatic door repair, fire protection equipment maintenance.</p> <p>(6) Safety and health promotion: occupational safety and health promotion meeting, electric motor safety promotion.</p> <p>(7) Contractor Safety Meeting: A monthly project safety meeting to improve the defect through photo review.</p> <p>(8) Regularly conduct employee health checks and promote safety and health education activities for employees: CPR training, CPR+AED teaching lectures, counseling talks, medical staff handling labor health services, physician on-site services, etc.</p> <p>3. 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</p>	

Items promoted	Status (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons therefor								
	Yes	No	Summary									
			<p>arises.</p> <p>4. Other occupational safety and health checks</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Operating Frequency</th> </tr> </thead> <tbody> <tr> <td>Fire drills</td> <td>once/year</td> </tr> <tr> <td>Environmental Monitoring</td> <td>twice/year</td> </tr> <tr> <td>Pest disinfection project</td> <td>once/month</td> </tr> </tbody> </table>	Item	Operating Frequency	Fire drills	once/year	Environmental Monitoring	twice/year	Pest disinfection project	once/month	
Item	Operating Frequency											
Fire drills	once/year											
Environmental Monitoring	twice/year											
Pest disinfection project	once/month											
(IV) Has the Company established effective career development and training plans for its employees?	✓		<p>PChome is committed to strengthening the competitiveness of enterprises and colleagues. We establish a comprehensive training system based on six functions: business functions, job functions, leadership functions, core functions, network functions, regulatory functions, pre-employment training, job training, application, Information security, patent knowledge, etc. Implementation method Take online or physical courses according to the situation, promote various training and talent development projects with diversified and flexible ways, and implement quality tracking after the training course to ensure the progress of subsequent courses. In 2022, the total number of trainees reached 1,886 and a total of 24,426 training hours.</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 labeling of products and services, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers or	✓		<p>1. The company strictly abides with relevant government regulations, and has a dedicated unit to carry out regulatory updates tracking and Buda.</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. There are also internal management mechanisms for marketing advertising to ensure compliance with relevant regulations.</p>	None								

Items promoted	Status (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons therefor
	Yes	No	Summary	
customers?			3.The Company has a customer service department, and sets a stakeholder communication area on the official website, which actively checks and confirms the implementation of various customer policies from time to time, accepts customer complaints, and assists in handling customer complaints to ensure the protection of customers' rights and interests.	
(VI)Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?	✓		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. It also conducts a paper- audit for each supplier, and conducts field checks if necessary, and from time to time to check the operation of the supplier by phone and email, and maintain close communication with the supply chain. In addition, PChome has planned the Supplier Sustainability Self-Assessment Form to evaluate the sustainability of suppliers from three aspects of environmental, social and corporate governance. In the future, sustainability performance will be used as a reference for supplier selection to ensure that both parties become long-term business partners under the common sustainable concept. mutual sustainability. Become a long-term business partner.	None
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	✓		The Company has been issuing ESG Report since 2020 to provide a complete picture of our management policies and performance on major economic, environmental and social issues. Our ESG reports are compiled in accordance with the the GRI Sustainability Reporting Standards. The financial results there of are based on information audited by the CPAs. All	None

Items promoted	Status (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons therefor
	Yes	No	Summary	
information? Has the aforesaid reports received assurance or certification from a third-party accreditation institution?			the data disclosed in the ESG Report 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. The company's “Sustainability Report” is available on the company's website.	
<p>VI.If a company has its own code of sustainability in accordance with the “Code of Practice on Sustainability for Listed Companies”, please state the difference between its operation and the established rules: The Company has established the Sustainability Committee in 2022, chaired by the CEO and set up an ESG Executive Team. Members regularly track and discuss the implementation status. The Board of Directors regularly listens to the report of the Sustainability Committee once a year to implement the four objectives of corporate governance, sustainable environment development, social welfare and strengthening the disclosure of corporate sustainability information.</p>				
<p>VII.Other significant information to help understand the implementation of promoting sustainable development. Please refer to the Company's website for ESG-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 “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.

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

Evaluation Item	Status (Note 1)		Summary	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No		
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?	✓		Taking advantage of the “Code of Conduct with Integrity” published by the HKMA, the Company established a “Code of Conduct with Integrity” on 24 December 2010 by the Board to assist the Company to establish a corporate culture and sound development of integrity, and to provide a reference framework for building good business operations and In group companies and organizations such as subsidiaries.	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 Practice Principles for TWSE/GTSM Listed Companies"?	✓		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. The preventive plans shall cover preventive measures for the following conducts: offering and acceptance of bribes, provision of illegal political donations, improper charitable donations or sponsorship, and offering or acceptance of unreasonable gifts, hospitality, or other improper benefits.	None
(III) Does the company specify the operating procedures, behavioral guidelines, violation of disciplinary and grievance system in the prevention plan of dishonesty, and implement it, and regularly review the correction plan?	✓		According to the integrity of the business rationale and policy, the company clearly and carefully formulated the prevention of dishonesty behavior plan, including operating procedures, behavior guidelines and training, etc.	None
II. Implementation of ethical management				

Evaluation Item	Status (Note 1)		Summary	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No		
(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		When engaged in business activities, the Company avoids trading with dishonest behavior record, and specifies the terms of integrity conduct in the relevant business contract to implement the company's integrity operation policy.	None
(II) Does the company set up a dedicated unit to promote corporate integrity management under the board of directors, and regularly (at least once a year) to report its integrity management policy and anti-integrity behavior plan to the Board and supervise the implementation?	✓		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 has developed a conflict of interest prevention policy and providing proper presentation channels. 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
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit,	✓		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	None

Evaluation Item	Status (Note 1)		Summary	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No		
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?			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.	
(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 a better understanding of the latest or closely related laws and regulations, which further strengthens their commitment to comply with business ethics regulations.	None
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)Does the company set standard operating procedures for the investigation, follow-up measures to be taken after the completion of the investigation and the relevant	✓		The Company handles reported misconducts and follow-up investigations with confidentiality and rigorous attitude, which are explicitly stated in the internal rules.	None

Evaluation Item	Status (Note 1)		Summary	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No		
confidentiality mechanism?				
(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 implementation of such guidelines on its website and MOPS?	✓		Yes, the Company has disclosed the content of its "Principles of Business Ethics" on its website and MOPS.	None
V. If the Company has established its own Principles of Business Ethics pursuant to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the implementation status and any deviations from the Best Practice Principles: The Company has established its own Principles of Business Ethics and continued to promote via various activities for increasing awareness at the management level. The Company's principles and its implementation are not significantly different from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".				
VI. Other important information to facilitate better understanding of the Company's ethical management practices (e.g. the Company reviews and revises its Principles of Business Ethics, etc.): The Company regularly conveys its ethical management policies to business counterparties and there are relevant clauses in business contracts to prevent any violation of the Principles of Business Ethics.				

Note 1: Please provide details at the Summary column regardless of whether "Yes" or "No" is ticked under "Status".

- (7)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 the corporate website for governing the ethics of Directors and employees of the Company.

Regarding the promotion of insider equity transactions, 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.

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

- A. 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.
- B. To improve the Company's corporate governance, the Company communicates with its CPAs, independent directors, auditors and treasurer from time to time.
- C. 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 of Directors being informed, so as to better understand the Company's current operations and to provide investors and stakeholders with immediate access to the Company's significant information.

(9)Internal control system

A.Statement on Internal Control System

Pchome Online Inc.

Statement on Internal Control System

Date:February 21, 2023

Based on the results of the self-assessment of the Company's internal control system in the FY 2022, 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 objectives are to provide reasonable assurance over the effectiveness and efficiency of our operations (including profits, performance, and safeguard of asset security), reliability, timeliness and transparency of our financial 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 makes judgments on the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of internal control based on the process of management: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. 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, 2022 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 Exchange 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 : Alice Chang

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

(10) 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.

(11) 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

A. 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		
	Case by	Results of voting	Implementation status:
2022/6/22	(1) Adoption of business report and financial statements for 2021	Total number of shareholders' voting rights present at the time of voting 71,309,507 (including e-voting 30,652,688), 65,960,643 (including e-voting 28,307,228), right of objection 133,924 (including electronic voting 133,924), void weight 0, abstain not voted 5,214,940 rights (including electronic voting 2,211,536) favors accounted for 92.49% of the shareholders' voting rights present at the time of the voting, as approved in the original case.	Delivered by the end of June according to the company's law, the shareholders' meeting is passed
	(2) Earnings distribution or deficit compensation	Total shareholders' voting rights present at the time of voting 71,309,507 (including e-voting 30,652,688), 65,945,399 (including e-voting 28,291,984), objection weight 149,925 (including electronic voting 149,925 rights), void weight 0, abstain not voted 5,214,183 rights (including electronic voting 2,210,779), 92.47% of shareholders' voting rights present at the time of the voting vote, as passed in the original case.	The resolution to distribute the Company's earnings for the FY 2021 was approved, and the distribution was completed in August 2022.
	(3) Director By-election	Number of elected weights 65,218,207	The re-election of directors and the associated registration of changes have been completed.

B. 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
2022/2/25	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.
2022/3/23	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

Date	Major Proposals	Resolution
		the proposal without any objections.
2022/5/3	The consolidated financial statements for the first quarter of 2022.	All attending Directors voted in favor of the proposal without any objections.
2022/5/11	Buy back treasury stock.	All attending Directors voted in favor of the proposal without any objections.
2022/8/8	<ol style="list-style-type: none"> 1. Appointment of General Manager and Group CEO. 2. Consolidated financial statements for the second quarter of 2022. 3. Appointment of remuneration committee members. 4. The new manager's competition ban is lifted. 	<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> <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>
2022/11/4	<ol style="list-style-type: none"> 1. Consolidated financial statements for the third quarter of 2022. 2. Write-off of restricted employee rights that have been recovered. 	<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>
2023/2/21	<ol style="list-style-type: none"> 1. The 2022 business report and financial statements 2. Handling cash capital increase issue of ordinary shares. 3. Group organization restructuring. 	<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> <p>All attending Directors voted in favor of the proposal without any objections.</p>
2023/3/20	<ol style="list-style-type: none"> 1. No dividend is distributed for the year 2022. 2. Formulate plans associated with the 2023 Annual Shareholders' Meeting 	<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>

(12)Where 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.

(13)Resignation 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
General Manager	Kevin Tsai	2017/11/2	2022/7/4	Personal Career and Life Planning
Chief Technology Officer	Scott Chen	2021/9/15	2022/7/29	Personal Career and Life Planning

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. Audit 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	2022	3,500	2,403	5,903	Non-Audit Fees: Due Diligence, CbC Report, Transfer Pricing Report, etc.

Please specify the details of non-audit public service: (e.g. tax visa, 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 2022 audit fees did not decrease by more than 10% from the FY 2011 audit fees.

VI. Change of Independent Auditor: None.

VII. The company's chairman, general manager, manager responsible for finance or accounting affairs, has worked in the office of a visa accountant or its affiliates within the last 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: Shares

Title	Name	2022		Until April 30, 2023	
		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	0	0	0	0
Directors and shareholders with 10% shareholdings or more	Site Inc.	0	0	0	0
Representative of	Johnson Fong	0	0	0	0

Unit: Shares

Title	Name	2022		Until April 30, 2023	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
corporate Director					
Representative of corporate Director	Vicky Tseng	(243,500)	0	0	0
Representative of corporate Director	Bruce Chou				
Representative of corporate Director	Ryan Kuo	0	0	0	0
Independent Director	T.H. Tung	0	0	0	0
Independent Director	Tan Hochen	0	0	0	0
General Manager	Alice Chang	0	0	0	0
Deputy General Manager	Leo Lu	(136,200)	0	(71,000)	0
Deputy General Manager	Hsing-Chi Chen	3,000	0	0	0
Deputy General Manager	Bruce Chou	0	0	0	0
Deputy General Manager	Li-Ling Chang	0	0	0	0
Deputy General Manager	Cheng-Ching Wei (Note)	4,500	0	0	0
Deputy General Manager	Wen-Hsuing Tsai	3,600	0	0	0
Deputy General Manager	Hsiao-Hui Hu	0	0	0	0
Deputy General Manager	Greena Lin (Note)	0	0	0	0
Deputy General Manager	Yue-Wei Wan	0	0	0	0
Deputy General Manager	Mei-Ying Ou	0	0	0	0
Assistant Vice President	Ying-Hsuan Chao	3,150	0	0	0
Assistant Vice President	Hong-Jia Shao	0	0	0	0
Assistant Vice President	Penny Lin	4,000	0	0	0

Note: Deputy general manager Greena Lin resigned on February 28, 2023; Deputy general manager Cheng-Ching Wei resigned on March 31, 2023.

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

IX. Top 10 Shareholders Who are Related Parties, Spouses, or within Second Degree of Kinship to Each Other

April 30, 2023

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
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Site Inc.	18,907,864	14.75%	0	0%	0	0%	None	None	None
Standard Chartered Bank International Business Department Trustee of Royal Bank Lee (Singapore) Limited Investment Account	6,776,000	5.29%	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
Iming Chou	2,470,528	1.93%	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
Huang, Kuan-Dan	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
Taiwan SME Bank is entrusted with the safekeeping of the securities investment trust fund account in the Qunyi storefront market	1,600,000	1.25%	0	0%	0	0%	None	None	None
Investment account of Norges Bank managed by Citibank Taiwan	1,520,347	1.19%	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 Consultants, Ltd., (20.87%), HILDER Investment Limited (13.88%), Fei-Peng Ho (5.24%), Si-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%)

Name of Judicial Person	Major Shareholders and Shareholding Percentage of the Judicial Person
CDIB Venture Capital Corporation	CDIB Capital Group (100%)

Name of Judicial Person	Major Shareholders and Shareholding Percentage of the Judicial Person
Chunghwa Investment Co., Ltd.	Chunghwa Telecom Co., Ltd.

X. Number of Shares Held and the Consolidated Shareholding Percentage of the Company, the Company's Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities on the Same Investee.

Unit: Thousand Shares;% March 31, 2023

Investee (Note)	Investment by the Company		Investment by Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities		Total Investment	
	Shares	%	Shares	%	Shares	%
IT Home Publications Inc.	5,405	100	0	0	5,405	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.	58,724	77.78	16,776	22.22	75,000	100
PCHOME US INC.	45,800	91.97	0	0	45,800	91.97
Pi Mobile Technology Inc.	0	0	43,819	99.46	43,819	99.46
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 Co.,Ltd..	20,000	100	0	0	20,000	100
CHT-PC No. 1 Co., Ltd.	20,000	50	0	0	20,000	50
Cornerstone Ventures	510	51	0	0	510	51
PChome CB Co., Ltd.	14,000	70	0	0	14,000	70
Mitch Co., Ltd.	10,400	100	0	0	10,400	100
YunTan Technology Inc.	1,262	70	0	0	1,262	70
21st Financial Technology Co., Ltd.	24,139	43.63	778	1.41	24,917	45.04
PChome Data Technology Co., Ltd.	500	100	0	0	500	100
Pin Technology Co., Ltd.,	1,000	100	0	0	1,000	100
EC Global Limited	7,495	100	0	0	7,495	100
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.	0	0	38,335	100	38,335	100

Unit: Thousand Shares;% March 31, 2023

Investee (Note)	Investment by the Company		Investment by Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities		Total Investment	
	Shares	%	Shares	%	Shares	%
(Cayman)						
PChome Japan KK	0	0	43,500	100	43,500	100
PChome eBay Co., Ltd.	27,300	65	0	0	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
21 st Financial Technology Co., Ltd (Cayman)	0	0	51,167	100	51,167	100
e-Insure Insurance Broker Inc.	0	0	4,500	100	4,500	100
FAN7 TOUR CO., LTD.	0	0	600	100	600	100
21st Century Technology Co., Ltd.	0	0	120,100	100	120,100	100
Cherri Tech Inc..	0	0	2,136	100	2,136	100
Lianju Asset Management Co., Ltd.	0	0	300	100	300	100
Japan Cherri KK	0	0	600	60	600	60

Note: is a long-term investment in the company using equity law

Chapter 4. Capital Overview

I. Capital and Shares

(I)Source of Share Capital: Describes the types of shares issued for the most recent year and up to the publication of the Annual Report. If approved for the issuance of securities under a blanket reporting system, information about the approved amount, the planned issue and securities issued should also be disclosed.

April 30, 2023 Unit: Shares; NT\$

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
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	88,800,000	888,000,000	58,725,649	587,256,490	Capital increase	None	Note 13

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
	18.74					from employee stock options NT\$1,400,000		
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 treasury 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
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	None	Note 26

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
						from retained earnings NT\$104,612,070		
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	Corporate Bond Shares Conversion NT\$10,980,360	None	Note 31
2023.11	10	200,000,000	2,000,000,000	128,162,945	1,281,629,450	Cancellation of restricted stock for employees NT\$3,510,000	None	Note 32

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
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

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
January 2, 2013

Note 24. 14 September 104 Commercial Character No.
10401192830

Note 26. Jing Shou Shang Zi No.10501151490 dated
July 7, 2016

Note 28. Jing Shou Shang Zi No.10901211000 dated

August 17, 2017
 Note 29. Grant of Commercial Character
 No.11001192140, 26 October 2021
 Note 31. Jing Shou Shang Zi No.11101042590 dated
 March 26, 2022

November 18, 2020
 Note 30. Jing Shou Shang Zi No.11001211910 dated
 November 23, 2021
 Note 32. Jing Shou Shang Zi No.11101220470 dated
 November 24, 2022

April 30, 2023 Unit: Shares

Types of Shares	Authorized Capital			Remarks
	Outstanding Shares (Note)	Unissued Shares	Total	
Registered common shares	128,162,945	71,837,055	200,000,000	OTC stock

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

Information on the blanket filing system: Not applicable.

(II) Type

April 30, 2023

Quantity	Type	Government Agencies	Financial Institutions	Other Juridical Persons	Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders		0	31	128	18,432	88	18,679
Shareholding (shares)		0	5,834,195	31,445,179	75,209,135	15,674,135	128,162,945
Shareholding Percentage (%)		0%	4.55%	24.54%	58.68%	12.23%	100%

Note: Foreign issuers shall indicate their mainland shareholding ratio; Mainland China refers to the mainland people, legal persons, groups, other institutions or their investment companies in the third area as stipulated in Article 3 of the Mainland People's Authorization to Invest in Taiwan. (The Company has no investors from Mainland China)

(III) Shareholding Distribution Status

(Common stock)

April 30, 2023

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Shareholding Percentage (%)
1 ~ 999	6,182	729,587	0.57 %
1,000 ~ 5,000	10,381	19,657,914	15.34 %
5,001 ~ 10,000	1,080	8,386,176	6.54 %
10,001 ~ 15,000	349	4,459,276	3.48 %
15,001 ~ 20,000	193	3,516,221	2.75 %
20,001 ~ 30,000	176	4,461,180	3.48 %
30,001 ~ 40,000	76	2,751,648	2.15 %
40,001 ~ 50,000	47	2,115,682	1.65 %
50,001 ~ 100,000	94	6,387,216	4.98 %
100,001 ~ 200,000	47	6,443,782	5.03 %

200,001 ~ 400,000	22	6,375,723	4.97	%
400,001 ~ 600,000	5	2,601,089	2.03	%
600,001 ~ 800,000	5	3,514,753	2.74	%
800,001 ~ 1,000,000	3	2,818,938	2.20	%
1,000,001 and above	19	53,941,760	42.09	%
Total	18,679	128,162,945	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.

April 30, 2023

Ranking	Name of Major Shareholders	Shareholding (shares)	Shareholding Percentage (%)
1	Site Inc.	18,907,864	14.75%
2	Standard Chartered Bank International Business Department Trustee of Royal Bank Lee (Singapore) Limited Investment Account	6,776,000	5.29%
3	Apu Jan	2,502,505	1.95%
4	Iming Chou	2,470,528	1.93%
5	CDIB Venture Capital Corporation	1,875,293	1.46%
6	Chunghwa Investment Co., Ltd.	1,875,293	1.46%
7	Huang, Kuan-Dan	1,840,000	1.43%
8	Hung-Tze Jan	1,667,427	1.30%
9	Taiwan SME Bank is entrusted with the safekeeping of the securities investment trust fund account in the Qunyi storefront market	1,600,000	1.25%
10	Investment account of Norges Bank managed by Citibank Taiwan	1,520,347	1.19%

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

Unit: NT\$; Thousands of Shares; %

Item	Year	2021	2022	As of March 31, 2023	
Market Prices per Share (Note 1)	Highest	157.5	137	72.1	
	Lowest	77.3	43.3	52.9	
	Average	120.87	79.69	64.76	
Net Worth per Share (Note 2)	Before distribution	59.56	65.85	65.45	
	After distribution	59.51	65.85(Note 9)	-	
Earnings per share	Weighted Average Shares (in thousands of shares)	116,588	126,353	125,384	
	Earnings per Share (Note 3)	Before Adjustment	0.84	(0.42)	(0.96)
		After Adjustment	0.80	(0.42)	(0.96)
Dividends per Share	Cash Dividend		0.5	0 (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)	144	-	Not applicable
	Price/Dividend Ratio (Note 6)	242	-	Not applicable
	Cash Dividend Yield Rate (Note 7)	0.41%	0%	Not applicable

* If stocks are distributed from retained earnings or capital surplus, the market prices and cash dividends retroactively adjusted based on the 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 20, 2023.

(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 an 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

Unit: NT\$ thousands

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	2011.8.7	2012.6.19
2012	2.99026946	0	0	2012.7.21	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	206.8.10	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	2021.7.21	2021.6.11
2021	0.5	0	0	2022.7.26	2022.6.22
2022	0	0	0	Not applicable	2023.6.28

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.

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

The distribution of earnings for the year 2022, was prepared by the Board of Directors on March 20, 2023, without dividends. This case will be taken in accordance with the relevant provisions once the resolution of the Annual Shareholders' Meeting passed on June 28, 2023.

3.Expecting any major change in dividend policy: None

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

(VIII)Remuneration of employees and directors

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

(1)Employee compensation: 1%~15%

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

- 2.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. Differences 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.

- 3.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.

The Company was resolved by the Board of Directors on February 21, 2023, and does allocate employees' remuneration NT\$ 2,352,126 and does not allocate directors' remuneration.

- (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.

- 4.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.

The company's previous year (2021), after the decision of the Board of Directors on February 25, 2022, does not allocate employee remuneration and directors' remuneration, the difference between the account amount is as follows:

Unit: NT\$ thousands

Item	Proposed distribution in 2022	Accounts in 2021	Deviation	Reason	Situation
Employee Remuneration	23,702	23,702	0	-	-
Director Remuneration	2,660	2,660	0	-	-

(IX)Share repurchases(completed):

Term of repurchase(Note)	3rd
Purpose of repurchase	Shares Transferred to Employees
Term of repurchase	2021/03/17~2021/05/16
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%

Term of repurchase(Note)	4th
Purpose of repurchase	Shares Transferred to Employees
Term of repurchase	2022/05/12~2022/07/11
Price range of repurchase	70.00~125.00
Type and quantity of shares repurchased	1,900,000Shares
Amount of shares repurchased	NT\$133,139,998
Ratio of quantity repurchased to scheduled quantity of repurchase(%)	76%
Number of Retired and Transferred Shares	351,000Shares
Cumulative number of shares held in the Company	2,779,000Shares
Proportion of cumulative number of shares held in the Company to total number of shares issued (%)	2.16%

II. Corporate bonds (including overseas corporate bonds):

Corporate Bonds

Corporate Bonds	First Secured Convertible Corporate Bonds in TW
Issuance Date	October 7, 2020
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 Co., Ltd. and Far East International Commercial 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 Principal	NT\$1,379 million
Redemption or Advance Terms of Indemnity	Please refer to the provisions of Article 18 of the Regulations on the issuance and conversion of the first domestic secured convertible corporate bonds by our company for the fiscal year 2020.
Restrictions (Note 4)	Please refer to the provisions of Article 7 of the Regulations on the issuance and conversion of the first domestic secured convertible corporate bonds by our company for the fiscal year 2020.
Credit rating organization name, evaluation date,	Not applicable

Corporate Bonds		First Secured Convertible Corporate Bonds in TW
company review and other results		
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 the provisions of Article 9 and Article 10 of the Regulations on the issuance and conversion of the first domestic secured convertible corporate bonds by our company for the fiscal year 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 bonds in the process refers to those going into effect upon the approval of the Meeting; and the private offering of corporate bonds 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 requirements 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	For the year ended April 30, 2022
Item			
Market value of convertible corporate bond	Highest	147	103.5
	Lowest	64.1	99.9
	Average	103.87	101.33
Conversion price		NT\$ 112	
Issuance (processing) date and issuance conversion price		Issuance date: October 7, 2020 Conversion price at issuances: NT\$112,000 per bond	
Obligation of conversion		New issue	

III. Preferred Share: None.

IV. Participation in Global Depository Receipts: None.

V. Employee stock options: None.

VI. Employee Restricted Stock**(I)Employee Restricted Stock**

December 31, 2022

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	0.86%
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:</p> <p>(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:</p> <p>A. Revenue growth rate: Revenue of the year shall grow by 10% or more compared to the average revenue of the previous three years.</p> <p>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 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>(1)Conditions on individual work performance of employee: 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</p>

	<p>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. 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 cancel them.</p>
Restriction of rights on new restricted employee shares	<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, bonuses, allotment rights of capital surplus, and subscription rights in capital increased by cash, are the same as the Company's common shares.</p>
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 means, 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	<p>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.</p>
Recovered or Purchased New Restricted Employee Shares	613,000 shares
The number of shares which the restricted rights of new restricted	319,000 Shares

employee shares have been lifted	
The number of shares which the restricted rights of new restricted employee shares have not been lifted	168,000 shares
The ratio of shares that the restricted rights of new restricted employee shares have not been lifted Ratio of total issued shares (%)	0.13%
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 underlyings

As of December 31, 2022 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	Former General Manager	Kevin Tsai (Note 5)	900	0.70%	261	0	0	0.20%	132	0	0	0.10%
	Deputy General Manager	Vicky Tseng										
	Deputy General Manager	Leo Lu										
	Deputy General Manager	Yu-Shu Hu (Note 5)										
	Deputy General Manager	Cheng- Ching Wei (Note 5)										
	Assistant Vice President	Ying- Hsuan Chao										
	Assistant Vice President	Luke Han (Note 5)										
	Assistant Vice President	Tsan - Yuen Chen (Note 6)										
	Marketing Director	Zi-Wei Chung (Note 5)	200	0.16%	58	0	0	0.05%	36	0	0	0.03%
	Commodities Director	Rui-Zheng Zheng										
	Commodities Director	Yi-Ying Wu										
	Brand Director	Bing-Rong Wu										
	Technology Director	Chu-Kut Lin (Note 5)										

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 managers.

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

Note 5. Resigned.

Note 6. Transferred.

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 are 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) Issuance date: September 17, 2021
Categories of private placement of securities	Common stock
Date and amount approved at shareholders' meeting	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.
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
Status of utilization of the funds, plan implementation progress	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. 2.In the fourth quarter of 2011, the company used private equity funds for reinvestment.
Expected benefits	In order to strategically develop and establish a long-term layout for cross-industry ecosystem resource integration, we will enhance the development of financial services, big data, and artificial intelligence technology by introducing investors and leveraging their expertise and resources. Data will be the core driving force for the group's long-term growth and development.
Date of information disclosure on the MOPS	February 22, 2023

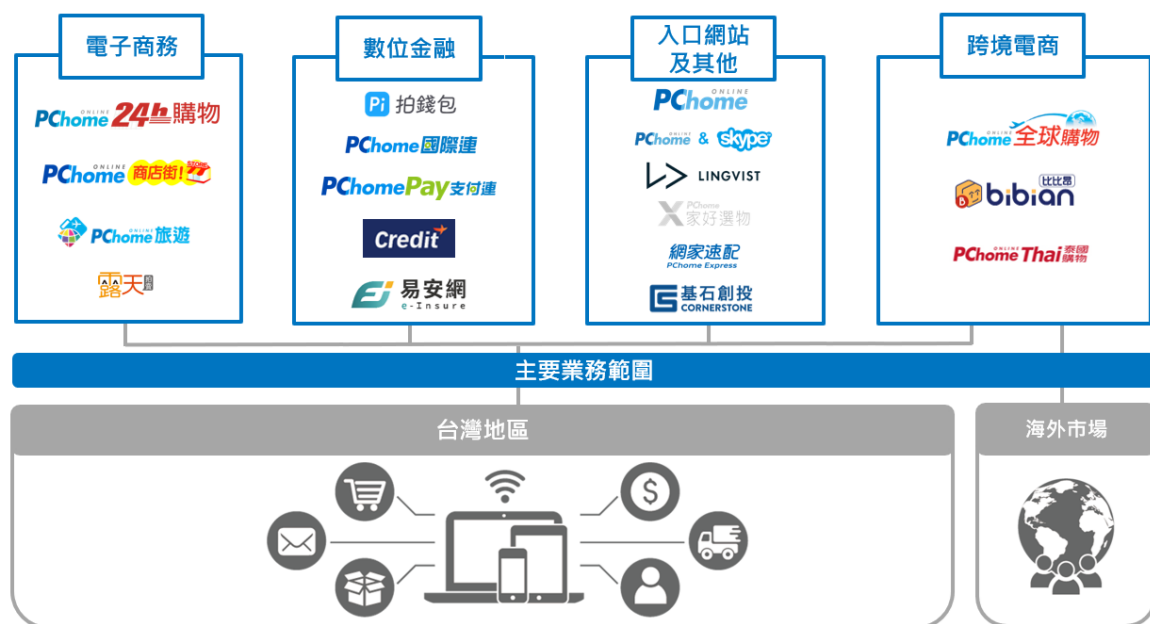
Chapter 5. Operational Highlights

I. Business Activities

(I) Business scope

1. Main business

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



Business Services and Content Framework of the Company

2. Product as a percentage to sales

Unit: NT\$ thousands

Product\Year	2022	Weighting (%)
E-Commerce	44,917,092	97.4 %
Others	1,183,351	2.6 %
Total	46,100,443	100 %

3. Current products (services)

PChome Online Inc. is an integrated network service provider group. Its business scope covers e-commerce, fintech, portal services and other network services. The Group's services mainly include B2C online shopping platform - PChome 24h shopping, C2C auction platform - Reten, B2B2C shop platform - PChomestore, cross-border e-commerce platform - Bibian, PChomeThai, PChome global; there are mobile payment Pi wallet in the field of financial technology, BNPL (Buy Now Pay Later, Buy Later) installment and gogopay etc, Third-party payment service-PChomePay, Electronic payment PChome InterPay and for international and online insurance-e-Insure.

4. New products or services scheduled to be developed

We have been dedicated to e-commerce for many years. We believe that only by constantly improving and optimizing technology and services, maintaining a positive

attitude, we can provide consumers with a more convenient and satisfying user experience, and continue to use technology innovation, product innovation, service innovation to outline the enterprise vision and provide the best service quality. Through cross-departmental cooperation, front-end product and service development department to understand consumer needs as the starting point, develop services and applications suitable for consumers, and through the R&D energy of technology group, leading the planning and development of all emerging programs and technologies.

- (1) Enhance the friendly webpage browsing experience : : Provide close to consumer services and products with better the shopping experience, and further increase the favorability of the company's e-commerce platform.
- (2) Constantly innovating and transforming warehouse and logistics procedures, developing intelligent automation operations, reducing manpower loading, and improving efficiency and by analyzing the big data of sales records, predict consumers purchase behaviors, which carry out product warehouse operation management, so as to provide better quality of service to consumers and escalate our competitiveness among markets.
- (3) Actively introducing strategic partners across industries, creating fintech services such as mobile payment, BNPL and third-party cash flow, continue to drive the development of FinTech services and products, creating innovative, convenient and reliable digital lifestyle experiences for merchants and consumers.
- (4) Continue to cultivate cross-border e-commerce services

Overseas cross-border shopping is affected by the pandemic and its growth momentum is also one of the Group's competitive advantages in e-commerce shopping with integrated online services. We will continue to cultivate cross-border e-commerce, through strategic cooperation, to introduce more diversified products and quality services to meet consumer demand for cross-market goods.

- (5) In order to continue to introduce new R&D projects into service projects, and based on protection of innovative technology, continue to deepen patent application quality, and lock patent applications in the actual technology used in the service, strengthen the application protection ability, to take into account the company's growth dynamics, to cope with various challenges in the future. The number of patent applications in 2022 was 9, the number of approved pieces was 8, so far the total number of patents includes 17 invention patents, 26 utility model patents, 1 design patent, a total of 44.

Looking forward, according to business objectives as well medium and long-term planning, will allocate multi-innovational R&D projects to meet market needs and escalate the company's competitiveness.

(II) Industry overview

1. Industry current status and developments

(1) Analysis of the online retail market in Taiwan

1) Taiwan's online rate reached 84.3% in 2022

According to TWNIC's 2022 Taiwan Network Report, the overall network usage status includes overall internet access rate, solid broadband prevalence rate, mobile broadband prevalence rate, and 5G usage, individuals over 18 years old have internet access rate of nearly 84.3%, estimated that there are 16.73 million people.

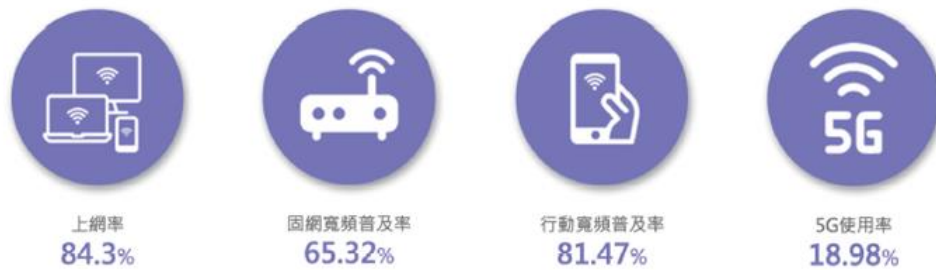


Figure: Overall Internet Usage for Users Aged 18 and Above in Taiwan

(Source: 2022 Taiwan Internet Report by TWNIC, 2022)

2) Over 80% of Taiwanese people used mobile phones to access the Internet in 2022.

According to the survey report by "InsightXplorer Limited," mobile phones were the devices with the highest Internet access rate (84.6%), followed by computers (51.6%). 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.

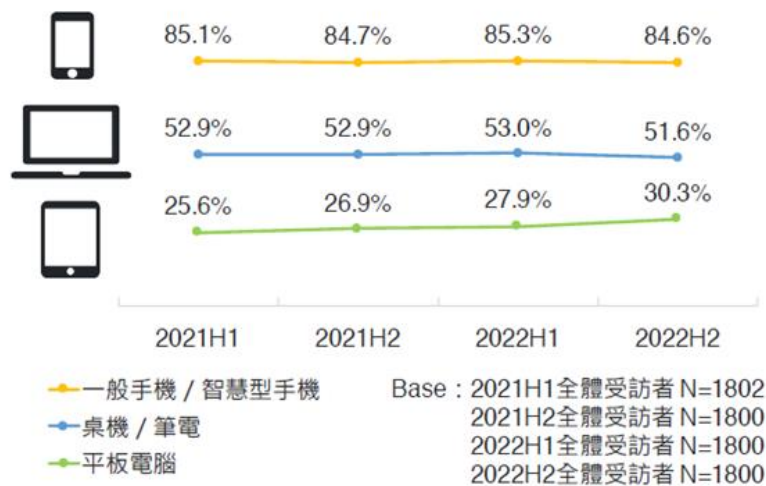


Figure: Internet access rates by device type from 2021 to 2022

(Source: InsightXplorer Limited, 2022)

3) In 2022, 64.2% of people in Taiwan participated in the e-commerce online shopping festival, with an average spending of NT\$21,728.

According to the 2022 e-commerce shopping festival survey conducted by the Institute for Information Industry, 64.2% of consumers in Taiwan often participate in e-commerce shopping festivals, far exceeding holiday festivals (32.8%), department stores' annual sales festivals (24.6%) and brands' annual sales festivals (17.6%).

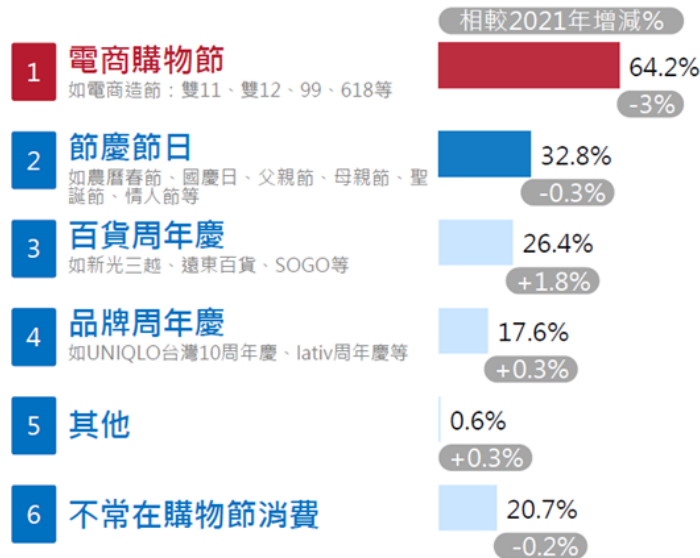


Figure: Types of "shopping Festivals" that people in Taiwan would often spend their money

(Source: Consumer Experience Analysis of E-commerce Shopping Festival, Institute of Industrial Intelligence, 2022)

Specifically, for those consumers who ever shopped at e-commerce shopping festivals, their average annual spending is NT\$21728; 52.7% of them spend less than NT\$10,000, while 10% of them with high consumption power spend over NT\$ 50,000 a year. Data analysis shows that Taiwan's online shopping market combined with festival promotions on e-shopping platforms that significantly increase the frequency of consumers' consumption on e-commerce online shopping festivals.

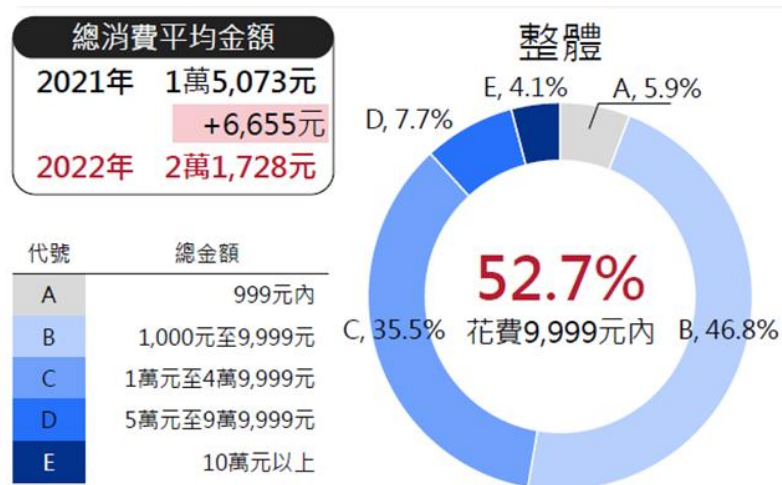


Figure: The average amount of total consumption of Taiwanese e-commerce shopping festival

(Source: Consumer Preferences Analysis of E-commerce Shopping Festival, Institute of Industrial Intelligence, 2022)

4) Inflation Weakens Consumption Power, Slowing Growth of Internet Sales in Email Industry

According to the report, the Internet sales of e-shopping and mail-order industry reached NT\$198.9 billion in the first three quarters of 2022, representing an annual growth rate of 7.4%. However, the annual growth rate decreased from 28.5% in Q2 2021 to 3.7% in Q3 2022, which showed a decrease in consumers' purchasing power. Business activities return to normal, even if domestic pandemic controls have been relaxed, but inflation has

led to increased consumer living costs, which has slowed down online sales growth in e-commerce and mail order.



Figure: 2021~2022 domestic electronic shopping and mail order network sales

(Source: Department of Statistics, MOEA, 2023)

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

1) Asia accounts for 54.1% of the world's online population with high potential market output

According to the "Internet World Stats" report, there were about 5.3 billion Internet users worldwide in 2022. Among them, about 2.91 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 740 million, accounting for less than one-third of Asia. The weighting of workforce 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 - 2022

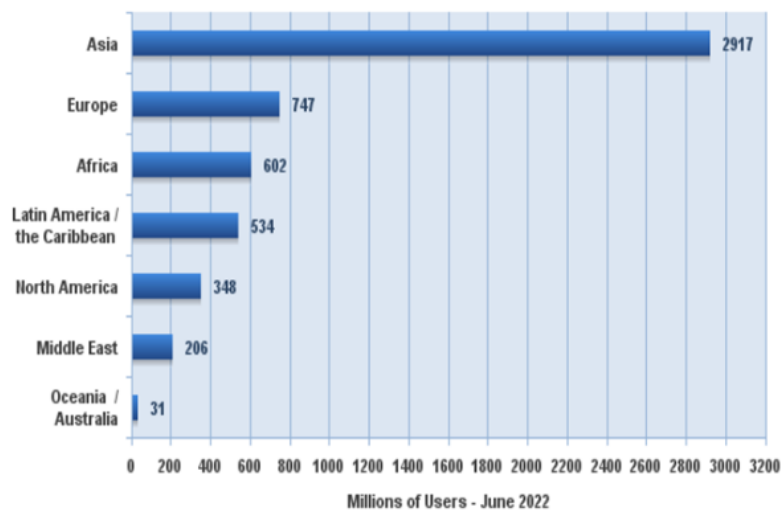


Figure: Overview of Internet Users Worldwide

(Source: Internet Users in the World of Internet World Stats, 2022)

According to the survey report, with regard to internet penetration rate, North America ranks first with its 93.4%, followed by 89.2% in Europe. Even with the highest number of Internet users, Asia ranks second to last with its penetration rate of 67.0%, lower than

the world average penetration rate at 67.9%. The result again clearly shows that the Asian Internet market still has ample room for growth in terms of market scale and potential value.

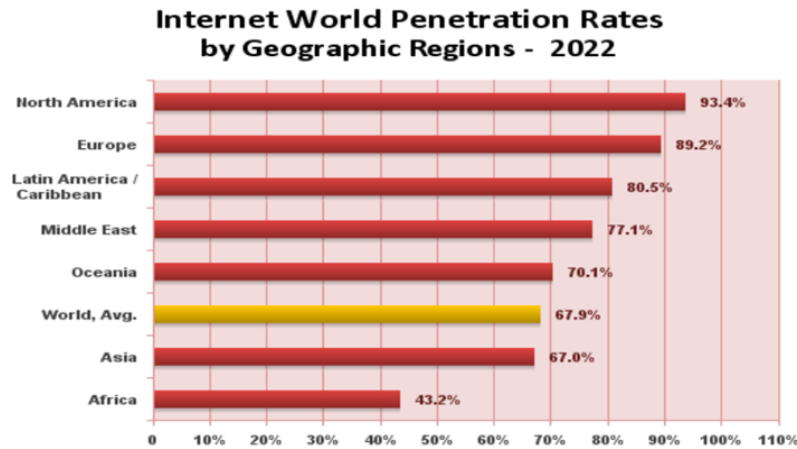


Figure: Global Internet Penetration Rate
(Source: Internet Users in the World of Internet World Stats, 2022)

2) In 2022, the global retail e-commerce sale amounted to US\$5.7 trillion, an annual growth rate of 9.7%.

According to a research institution eMarketer's report on retail e-commerce trends, global retail e-commerce sales will reach \$5.7 trillion by 2022, at an annual rate of 9.7%, accounting for 19.7% of total retail sales. However, due to the slowdown of the epidemic and consumer return to physical channels, the annual growth rate is expected to fall from 10.4% in 2023 to 8.2% in 2026, gradually slowing.

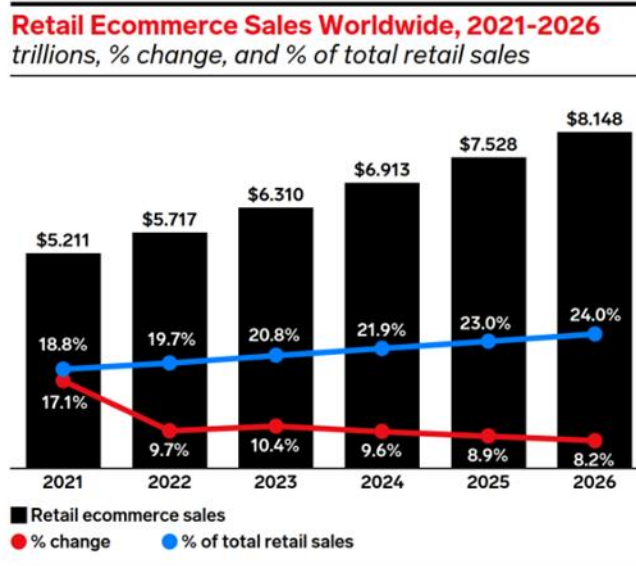


Figure: Global E-commerce Market Scale from 2021 to 2026
(Source: Survey Report of eMarketer, 2022)

3) Implementation of border control measures in countries during the pandemic to shift the spending power of outbound tourism across the cross-border e-commerce market

According to the Institute for Future Circulation, Taiwan's major cross-border e-commerce importers and exports, such as China (including Hong Kong), the United States and Japan, the total annual growth rate of cross-border e-commerce imports and exports during the pandemic was 12.9%, reaching a record high of US\$62.03 billion. During the pandemic, border control measures were drastically reduced in tourism, resulting in a significant shift in the consumption of outbound tourism to the cross-border e-commerce market, leading to the rapid growth of cross-border e-commerce industries in major countries around the world.

單位：USD億		出口國家			
		日本	美國	中國	合計
進口國家	日本		29.3(+9.3%)	3.2(+7.6%)	32.5(+9.1%)
	美國	106.3(+25.7%)		71.2(+10.9%)	177.5(+19.3%)
	中國	186.0(+9.7%)	224.3(+11.5%)		410.3(+10.7%)
	合計	292.3(+15.0%)	253.6(+11.2%)	74.4(10.8%)	620.3(+12.9%)

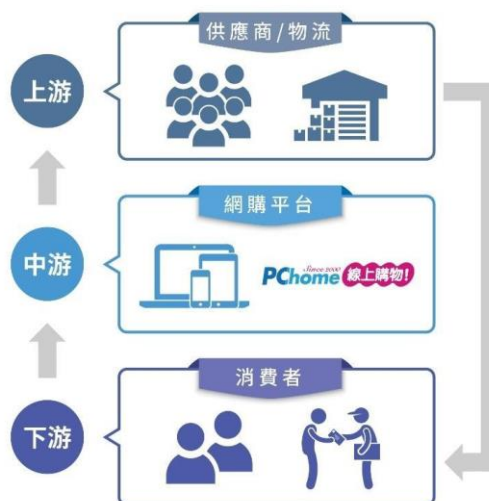
Table: Total import and export of major cross-border e-commerce countries in Taiwan
(Source: Institute for Future Circulation, 2023)

4) Logistics and transport is the key to the development of cross-border e-commerce industry

According to the Research Institute for Future Circulation, the total amount of small parcel imports from Taiwan reached NT\$59.3 billion in 2022, with an annual growth rate of 13.6%, a record high. The change in price and quantity reflects the development trend of the cross-border e-commerce market. In 2020-2022, global consumer acceptance of cross-border e-commerce mode has increased rapidly. Powered by strong industry growth momentum, many large third-party logistics groups are actively investing in building logistics centers and parks based on e-commerce warehousing needs to seize the e-commerce warehousing and logistics market, including cross-border e-commerce.

2. Correlation between upstream, midstream, and downstream of the industrial chain

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



3.Product development trends and competition status

(1)Product development trends

The PChome Online Group operates e-commerce and fintech as its main business project. The main development focus in 2022 is as follows:

1)Domestic e-commerce online shopping

We joined hands with Standard Chartered Bank to launch “PChome Helper Loan” in February this year to meet the real-time financing needs of its PChome 24h shopping’s merchandisers. Dual circulation quota design by combining the status of the account receivable and storage allows suppliers to accelerate business development with the support of innovative financing solutions; In April, PChome 24h bookstore cooperated exclusively with Rakuten Kobo, the world's second largest e-book platform. E-commerce has introduced nearly 4 million e-books to build the most online bookstore in Taiwan; in July, alliance with China Trust and Chunghwa Telecom launched the first three-party cross-border joint card “China Trust ALL ME Card” to break through the pain points of inter-industry conversion. Let the feedback points be able to accumulate points and exchange points between Pi Wallet and Hami Pay platform at the same time, and provide up to 12% across e-commerce, telecom, four major convenience stores, living payment and other consumer application scenarios, PChome 24h shopping, Ruten, PChomestore, and PChome Travel are all shared benefits. It is P coin and Hami Point, and can be used at more than 380,000 partner stores in Taiwan through Pi Wallet. Fully upgraded the service experience of the P-Points ecosystem; PChome 24h Shopping, the only Apple Authorized e-Commerce Distributor in Taiwan, announced in September this year, combined with the Group's Cardless Installment Payment Service, online insurance service to launch the exclusive iPhone subscription program in Taiwan with five major service features including “The main “0 interest rate low monthly payment, free pre-payment deposit, exclusive insurance, renew every year to create a preferred platform for iPhone purchase across Taiwan; in October, FunNow and PChome 24h Shopping joined hands to elevate one-stop shopping service, combining e-ticket and instant booking function, with more than 5,000 dining options, including popular restaurants, massage spas, food queuing, star hotels and more, extending one-stop shopping The service situation to meet the consumer needs of 360 degrees from physical goods to service-based products, online to offline.

2)Overseas cross-border e-commerce market

In recent years, cross-border shopping has been driven by the pandemic, not only has entered the daily lives of Taiwanese people, but also accelerates the growth of the frequency and scale of cross-border shopping. PChome Group's only franchise in Japan's cross-border purchasing e-commerce business breakout during the epidemic period, observed that the overall results (Gross Merchandise Value, website transaction amount) in the first half of this year has reached 70%, especially the overall health and drug sales growth of about 3 times. In order to meet the increasingly diverse cross-border shopping demand, the new “Bibian Japanese Drug and cosmetic Mall” was launched in August this year. With Chinese interface, more than ten thousand of must-buy products synchronized with Japan trends, local direct purchase prices, etc., quickly seize the consumer's eye, driving monthly performance. We announced the upgrade of Japan's drug and cosmetic mall to “Bibian Japan's Select Mall”, offering over thousands of high-quality items such as medicine and health care, instant noodle snacks, lifestyle goods, Omiyage souvenirs, food queues, and more. There sident selection and thematic curation

bring no time lag, more convenient cross-border shopping experience to Taiwanese consumers who love Japanese goods. In summary, Bibian can operate strong this year, with 2022 annual revenue hit a record high, and the total site GMV (Gross Merchandise Value) increased by more than 50% year over year.

Its PChomeThai has been deeply cultivated in the Thai e-commerce market for many years. In 2022, we expanded the two-way cross-border e-commerce service to sell Thailand's best-selling brands and products back to Taiwan. In March, Thailand's DITP business office, Thailand's retail giant Siam Piwat Group, to introduce hundreds of premium Thai brands and Thai foods to Taiwanese consumers body care and cultural and creative design and other products, providing the industry's lowest free shipping threshold, NTD-denominated zero exchange loss, gold and tariff and other service advantages, to meet the diverse shopping needs of consumers, and strive to make PChomeThai the first choice for Thai goods in Taiwan.

3)FinTech

In 2021, PChome Online Group introduced strategic investors —China Development Financial Holding Group, Chunghwa Telecom Group and the management team of 21st Financial Technology Co., Ltd.—to participate and obtain 50% equity 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 fintech with data as the core.

In 2022, announced the strategic acquisition merger of Cherri Tech. Inc.,GORREY Technologies Inc. (JORY), founded in 2015, the company's TapPay as the payment gateway Payment Gateway product, launched Cross-Site Jump Free Technology, dedicated to creating a safe and fast payment experience for online stores and consumers End-AI device fingerprint-based theft risk identification and monitoring technology. Leveraging CherriJay's technology leadership in the financial services market in the 21st Fintech century, we will actively expand financial technology services such as third-party payments, mobile payments, BNPL (Buy Now Pay Later) to provide merchants and consumers with more convenient and secure omni-channel fintech products. Technical map.

In order to meet the preferences of the new generation consumers with more flexible payment options and use of funds, the Group launched the industry's first new service in April 2022 - “PayLaterSlow Pay” into Pi Wallet, providing Taiwan's first full BNPL (Buy Now Pay Later, buy later), cardless installment, action Innovative financial services that pay for three major services, not only upgrade Taiwan through differentiated payment services, a wide range of application scenarios online and offline, as well as the combination of P point feedback and circular application of the ecosystem The breadth of application and service experience of BNPL products also provides Pi Wallet members with a wider range of digital financial services.

The pandemic accelerates digital streaming and has set off the global wave of subscription-based products. Consumers are more willing to pay for quality content than free to use or one-off products. Aiming at the rise of consumer subscription trends, as well as the trend of the new generation of consumer groups and advocating flexible consumption models, PChome Online Group launched the industry's unique “iPhone subscription program” in September this year, featuring five major service highlights: 0 low monthly interest rate, no deposit Insurance, plans are more free to expire, renew

every year. With a 12-month subscription cycle, consumers can get the latest iPhone in a more stress-free way, and enjoy zero-interest cardless installments and integrated innovative services that include exclusive mobile phone insurance. Create innovative, convenient shopping experiences that meet the diverse consumer needs of the next generation.

(2)Competitions

1)Domestic e-commerce online shopping

According to the report released by Statistics Department of Ministry of Economic Affairs in November 2022, Taiwan's online shopping and mail-order industry (hereinafter referred to as the e-commerce, referring to PChome, Momo, ETMall and other e-commerce companies) will generate NT\$260 billion in online sales in 2021, an annual growth rate of 21.1%; the domestic e-commerce industry's sales reached NT\$198 billion in the first three quarters of 2022, an annual growth rate of 7.4%. However, the annual growth rate declined from a high of 28.5% in 2Q 2021 to 3.7% in 3Q 2022, indicating a weakening of spending power and slowing growth in the e-commerce industry.

In addition, the ratio of e-commerce sales to retail online sales in the domestic market declined from a high of 60.0% in the first quarter of 2021 to 55.6% in the third quarter of 2022, indicating that the physical retail industry is aggressively grewed online business and crowding out the e-commerce segment.

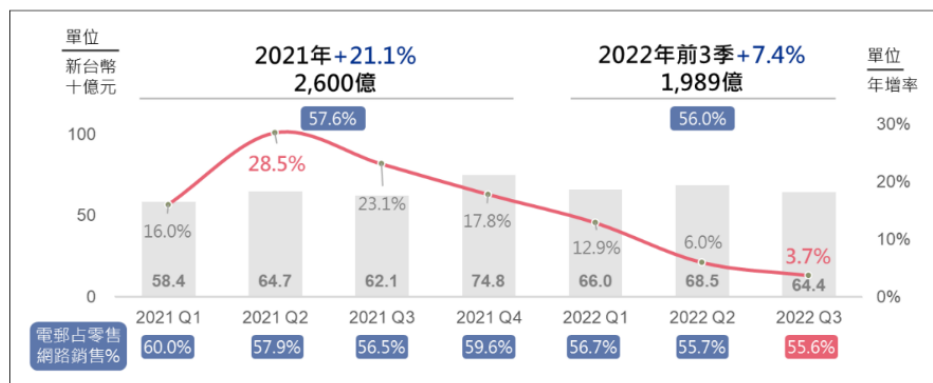


Figure: Domestic electronic shopping and mail order network sales from 2021 to 2022
(Source: Department of Statistics, Ministry of Economic Affairs, MIC collated, February 2023)

As a large B2C e-commerce player, PChome 24th Shopping is facing fierce competition. In addition to the domestic B2C e-commerce platform, consumers also have alternatives such as vertical e-commerce platform, online group buying, social e-commerce, delivery platform, etc. In recent years, due to the pandemic, the retail market has changed dramatically, consumer habits has gradually shifted online, and large physical retailers have accelerated their online sales channels.

As a pioneer in the industry, PChome 24h Shopping has been in e-commerce for more than 20 years, with deep operation capability and technology, huge membership data, a rich range of products and services. At the same time, innovative and forward-looking services are launched to provide consumers with a better user experience and service quality, and strive to meet the needs of different types of consumers and continue to break through growth in challenging markets.

2)Overseas cross-border e-commerce

In recent years, many global e-commerce platforms and overseas retailers have rushed into the Taiwan market, and the domestic players have also established cross-border shopping services such as overseas purchasing. According to the “Analysis of Data of Cross-border E-commerce Import and Export in Taiwan in 2022”, the import express small parcel volume mainly constituted by cross-border e-commerce consumption has grown rapidly over the past 10 years, from 9.71 million in 2010 to 63.3 million pieces in 2020, representing a growth rate of 551%. The Institute for Future Circulation also pointed out that the total amount of imported express small packages continued to grow 13.6% year-on-year to a new high of NT\$59.3 billion in 2022 on a high basis period of 17.9% growth in 2021. Overall, under the COVID-19 pandemic, the consumption of tourism and retail has shifted to cross-border shopping, even if they are not abroad, consumers can purchase at any time. Global goods are under the finger, and cross-border online shopping have become the new normal of consumption.

Affected by the epidemic, the cross-border e-commerce market accelerated development, its cross-border e-commerce subsidiaries, Bibian and PChomeThai, offering one-stop solution for consumer pain points from commodity information translation, logistics consolidation, payment customs declaration, and strategic alliance with local well-known platform operators, suppliers, logistics providers and other partners to strengthen the advantages of brand power, product power, price, service etc., provide consumers with more convenient cross-border shopping services, create market differentiation and new niche.

3) FinTech

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 been playing a role in the e-payment market, forming a fierce competition. According to Master card's “Taiwan Consumer Digital Finance and Payment Trends Survey” released in 2022, nearly 90% of people use no more than three payment wallets daily, the report also mentions that the use of digital payment tendency, young people pay attention to benefits and versatility, older people value security and additional function such as multiple payments. How to continue to expand the use of payments will be one of the major issues that payment providers face in the future.

PChome is very optimistic on the long-term trend of combining e-commerce and fintech, and actively introducing strategic partners across industries with a view to enhancing service competitiveness in the areas of e-commerce, e-point economy and fintech. A subsidiary of fintech Technology (21st Financial Technology Co., Ltd) currently provides fintech services such as mobile payment, BNPL (Buy Now Pay Later) and third-party cash flow. As one of the diversified services companies in Taiwan's financial technology industry, we will continue to drive fintech services and products for merchants. Create innovative, convenient and reliable digital lifestyle experiences with consumers.

(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 2022 amounted to NT\$638,980 thousand.

2.R&D expenses invested in the latest year and as of the publication of the annual report

Unit: NT\$ thousands, %

Item	Year	2022	The first quarter of 2023
Research and development expenses		638,980	147,742
Net revenue for the year		46,100,443	10,155,900
Percentage to net revenue for the year		1.39%	1.45%

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:

Smart product multi-library configuration	<p>During the peak period of specific festive orders, the system instantly determines the picking energy of each warehouse. The following results are the performance tracking for the manpower and operation time of a single warehouse and branch:</p> <p>1 manpower: reduce warehouse operation pressure, shunt processing manpower up to 22%.</p> <p>2. picking: orders are diverted to a manpower warehouse, and the processing time is faster than 24~ 32%.</p> <p>3. cross-warehouse allocation: a single warehouse to meet the order demand, do not need to dial and box shipments, saving nearly 70% of order processing time.</p>
Logistics box allocation inventory mechanism	<p>With the concept of "logistics box allocation", simplify the adjustment procedures of each library, the site only needs to assign [logistics box] to the content of the allocate information, easy for operators to identify. The operation does not need to set up the adjustment task item by item, a single action is completed to complete the operation, simplifying and improving the efficiency of personnel operation.</p>
Dispatch Delivery System	<p>Due to limited manpower in the warehouse, low-temperature goods, installed goods, specific goods and pre-order goods and other goods are priority to ship, other orders have a queuing mechanism not to lose the customer's fair arrival rights due to lack of warehouse manpower.</p>

Web Server For Reducing load of Service	With traffic detection, adjust the site ad caching mechanism to extend the cache effect, reduce the number of visits to the website, and reduce the burden on the server. The number of visitors the site can afford, from 30,000 to 50,000.
Search Engine Optimization Project	Analyze user search intent from past user search and click behavior, use analytical techniques to calculate label and product similarity, then label products to match the user's intention, and then optimize search engine, increase the performance of weekly clicks by 10%
App Instant Update Technology	By packaging and uploading code that is less dependent on the operating system in the app to the server. Apps can download new versions of code to the server and run them while running, so you can publish new versions of the code directly to the app without having to wait for the app store to review it. From 90% of 24 hours to more than a week, users update immediately after a hot update is released.
Website Stress Test System	Package the web browsing module into a containerized application, using automation settings in the console, opening test scenarios according to the target number of people, using cloud technology to quickly deploy to multiple computer devices around the world, use the snap module to set a specific time to browse specific product web pages and place orders, simulate a large number of users Simulate a large number of people entering the website at the same time or using the Traffic Manufacturing module to randomly browse multiple web pages and operate specific functions. Perform a step-by-step stress test to identify pressure or critical points of the system, and improve the site's traffic to 300%.

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 (5 in total) in 2022:

Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
invents	I775532	Web server and method for reducing server load Web servers and methods to reduce server load web server and method for reduction server load	2022/8/21~2041/7/13	A web server that reduces server load includes an interface module, an advertisement update module, and a traffic analysis module. The interface module provides a web page, including an ad display area. The Ad Update module stores a default update time and an overload update time for the ad showcase, and the overload update time is greater than the default update time. The Ad Update module updates the interface module by default update time to replace the ad information in the ad showcase. The Traffic Analysis module analyzes the traffic of a web page as a visit. When access traffic exceeds an overload value, the Ad Update module changes to notify the interface module based on the overload update time to replace the ad information in the ad display area.
Utility model	M622523	Search engine system provided for	2022/1/21~2031/9/9	The search engine system provided to third-party e-commerce platforms is electrically

Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
patent		third party e-commercial platform for third party ecommerce platform		linked to third-party servers. Third party databases include plurality of commodity data. The search engine system includes an application interface module, commodity schema database, data receiving module, and back-end search framework creation module. The API module is electrically linked to third-party servers. The data receiving module electrically connects to third-party servers and receives product data from third-party servers. The back-end search schema creation module is used to match the commodity schema database to generate a back-end search schema data based on commodity data.
Utility model patent	M627090	Web server for increased web smoothness web server for increase fluent of web page	2022/5/11~2032/1/19	Electrically connect an electronic device to a web server to increase the smoothness of the web. A web server consists of a transport module, a cache, a database, and a processor. The transmission module electrically connects electronic devices to accept requests from the first web page of the electronic device. The cache is used to store data. The database is used to store a first page screen. The processor electrically connects the transport module, cache, and database to check if the cache has a first page screen. If so, the processor accesses the first web frame from the cache and sends a packet of the first web frame to the electronic device for the electronic device to display the first web screen.
Utility model patent	M628174	Dispatch system	2022/6/11~2032/1/18	The dispatch system electrically connects a receiving station computer and an electronic device. The dispatch system includes an order receiving module, a point-of-pickup module, and a dispatch processing module. The order receiving module is used to receive the order information of a product from an electronic device. The order information includes a collection point and a recipient's information. The Receiving Point Inspection module is used to connect to the receiving site computer to check if the receiving location is full. Dispatch processing module electrically connects the receiving order module and the receiving point inspection module. If the collection point inspection module checks that the receiving location is

Patent category	Patent certificate number	Patent title	Patent term	Patent abstract
				full, the dispatch processing module suspends dispatch of the goods order data; if the receiving point check module is not full, then the dispatch processing module dispatched the order data of the goods order data.
Utility model patent	M627082	E-commerce server	2022/5/11~2032/1/18	The present disclosure is an e-commerce platform server for performing a variety of checkout methods. The e-commerce platform server includes a memory module, an interface module and a calculation module. Memory module stores a user account's plural bonus type and its bonus amount, and the plural stored value type and its pre-order price amount. The interface module provides a checkout interface that displays a product amount. The checkout interface displays the bonus feedback type and its dividend discount selection pattern. The checkout interface displays the stored value type and its value discount input box. The calculation module displays the product amount minus the selected bonus amount, and minus at least one discount amount entered in the Valuable Discount input box to get the pending amount, which is displayed in the checkout interface.

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

1. Short-term business development plans

(1) Optimize user and supplier experience, stabilize operation quality and improve operation efficiency

In terms of user experience, each page module will be continuously optimized, and the mobile shopping experience will be enhanced to enhance user interaction and checkout frequency. Meanwhile, through search optimization, improve search results click rate, enhance browsing experience, and actively communicate with consumers through the community. Rate and favorability, complete rebranding. In terms of supplier experience, we will strive to optimize the back-end product listing process, promotional activities and combined product creation process, and optimize “brand” presentation at the supplier link, increase the number of department store brands and brand sales, and actively establish partnership and enhance company performance and operational efficiency.

(2) 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. In the future, PChome24h shopping will continue to strengthen the richness of direct brands, enhance the diversity of choice of various products, enter consumers daily, increase the frequency of consumer life department store purchase frequency, and strengthen the platform service advantages and differentiation through diversified cross-border cooperation, and deepen the cross-generation consumer base. Revenues continue to grow.

(3) Integrate warehousing resources to build a more efficient and flexible logistics chain

As of first quarter of 2023,, there are 6 self-operated warehouse and 2 outsourced warehouses, a total of 8 logistics stations, distribution points in Taipei Taoyuan, Taichung, Tainan. In addition, the “Chunghwa Post Logistics Park Logistics Center”, located near the Airport MRT A7 station, only 30 minutes drive from Taipei City and Taoyuan Airport, was officially opened in the first quarter of 2023, with 45,000 floor space, combined with AI and automated dual-track warehouse, the overall daily orders is expected to be more than doubled and will serve as a cross-border e-commerce and empowering logistics hub in the future. Increase picking performance and actively expand third-party warehousing business by borrowing existing smart warehousing and phased operation of the Linkou A7 Smart Logistics Park. Strengthen the distribution capacity and coverage of our own fleet, expand the distribution network in the central and southern region, and improve distribution services.

2. Long-term business development plans

(1) Diversified talent development plan for a sustainable and better future

PChome believes that diverse talent and experienced employees, management teams, and leaders are the key to gaining a significant competitive advantage in a rapidly changing market. PChome is committed to nurturing talent and the incubation of the e-commerce management team in order to be challenged and striving for excellence in the ever-changing competitive landscape. Cultivate excellent e-commerce management talents through internal professional training and career planning, strengthen the management effectiveness of internal organization, and adopt diversified recruitment channels in recruitment to extend more passionate, professional and innovative thinking, and through talent pool and project management The system encourages employees to use their expertise to improve organizational performance, inject constant motivation for the continuous growth of the company, and continue to promote the company's excellence in the field of e-commerce.

(3) Integrate the resources of the group's subsidiaries for synergy creation,, continue to grow and contribute to the Group's profits

PChome is an integrated Internet service provider group, including e-commerce services, including financial technology, cross-border business, and others. It will continue to focus on the integration of resources, enhance operational efficiency, and combine the advantages and resources of the open ecosystem platform to create syndication. Innovative services. Thanks to the synergies of M&A and business integration, Fintech business turned profitable for the first time in 2022. The trading market business was also expected to be able to implement and improve the operation plan through organizational restructuring in 2023, consolidating the group's resources, and improving the financial

structure. Increase the source of customer acquisition, improve the efficiency of the organization operation, the pursuit of maximum efficiency in vertical areas of various business units.

(4) Deepening ESG layout to strengthen corporate sustainability competitiveness

PChome continues to invest in corporate governance, environmental protection, social responsibility, etc., to cultivate sustainable competitiveness and aim to lead the industry towards sustainable prosperity through its own practices. In 2022, PChome formally set up the Sustainability Committee and ESG Task Executive Group to actively respond to the SDGs, leverage the influence of e-commerce platforms to meet consumer needs and create a good society both inside and outside. Actively planned 90 sustainability specific work projects and established a PDCA circular management structure to continue to promote to ensure the output value of ESG work, and make sustainability value the DNA of PChome's long-term business.

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	2021		2022	
		Sales Amount	Percentage (%)	Sales Amount	Percentage (%)
Domestic sales		48,566,218	99.97	46,088,908	99.97
Overseas sales		13,149	0.03	11,535	0.03
Total		48,579,367	100	46,100,443	100

2. Future supply and demand and growth of the market

(1) Global e-commerce market

Market research firm Market Researcher estimates that global e-commerce sales will grow from \$521 billion in 2021 and \$571 billion in 2022 to US\$8,148 billion in 2026, accounting for 24% of total retail sales. According to the relevant statistical units of major countries (including the National Bureau of Statistics in Mainland China, US Census Service, UK National Bureau of Statistics, Japan's Ministry of Economic, Trade, Industry, and South Korea National Bureau of Statistics), the top three in the global e-commerce market sales ranking were China, the United States and the United Kingdom respectively, 2021 electricity Merchandise sales were RMB 13.88.4 billion, US\$960.1 billion and £129 billion, with Japan and Korea in the fourth and fifth place. In 2021, e-commerce sales were 20.695 billion yen and 198.2 trillion won 894.7 billion. In the post-pandemic era, the global e-commerce market has risen rapidly, and the share of online sales will continue to grow in the future. In particular, the Asia Pacific region has become the largest e-commerce market in the world.

(2) Domestic e-commerce retail market

According to the Ministry of Economic Affairs and Statistics Office, Taiwan's online retail sales in 2021 amounted to a record high of NT\$430.2 billion. In the first half of 2022, Taiwan's Internet retail sales reached 225.7 billion yuan, an annual growth of about 12%. The proportion of retail sales in Taiwan accounted for retail turnover, growing from

7.5% in 2019 to 10.8% in 2021, and 11.0% in the first half of 2022. In addition, from Money101 “Consumer Online Shopping and Payment Survey 2022” can be seen. Nearly 50% of the consumers surveyed relied heavily on online shopping, with 42% shopping online once to three times a week and about 35% shopping online once to three times a month. Overall, in 2020, the pandemic has changed public life and business behavior. Consumers have gradually become accustomed to buying from offline channels to online and e-commerce channels. E-commerce online shopping has become the habit of the people's daily consumption, and the Taiwan e-commerce market will still have great room for growth in the future.

(3) Fintech Market

The epidemic has accelerated the penetration of digital financial services into daily life. According to the FSC, in 2022, the number of domestic non-cash payment (four major categories, including credit cards, stored value cards, electronic payments, ATM transfers, etc.) transactions will be 5.458 billion, reaching 80% of the annual target; the amount of non-cash payment transactions will be NT\$6.17 trillion, with an annual target achievement rate of 106.3%, and it is expected to challenge the scale of NT\$7 trillion in 2023. Translated with DeepL On the other hand, according to Master card's “Consumer Digital Finance and Payment Trends Survey in Taiwan” published in 2022, digital payments have become the first choice for Taiwanese people, 71% of consumers prefer digital payment instruments when they spend their daily purchases, with physical cards and 13% in cash. At the same time, up to 89% of people said they would prefer to use digital payments in more consumer areas, reflecting consumer dependence on digital payment in the post-pandemic era, and the popularity of digital payments will continue to rise in the future.

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

(1) Competitive niches

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

PChome is committed to meeting the needs of consumers for a full range of life. PChome 24h shopping has more than 5 million items across food, clothing, and entertainment, of which more than 2 million items can be delivered 24 hours a day, is Taiwan with the largest stock of products, currently registered more than 1,300 members 10,000, equivalent to 1 PChome member in every 2 people in Taiwan. PChome 24h shopping is currently in addition to Taiwan's e-commerce only Apple full range of authorized dealers, major mobile phone brand new machine preferred listing platform, for the deep brand alliance strategy, in recent years to develop international well-known brands set up official flagship hall, has joined hands hundreds of brand indicators to carry out deep marketing cooperation. In terms of 3C, with the opening of flagship pavilions of Apple, Samsung, Android, etc., this year attracted major accessories manufacturers such as GN Group professional communications brand Jabra and US military shattering phone case UAG. At the same time, it is also actively expanding the female and young consumer markets, such as the introduction of the US smart beauty brand Paula. IG burst red chain coffee shop brand CAFE!N et al., statistics in the first half of 2022 compared to the same period last year, the number of brand flagship halls doubled.

In addition, PChome 24h has also helped more than 150 local SMEs and social innovation brands to sell online. The cross-industry alliance has set up multiple zones, including fresh area, store, Taiwan boutique, Lithuania Pavilion, etc., not only drive market activity, but also to develop new traffic and reach new customers. In the future, PChome 24h shopping will continue to strengthen the richness of direct brands, enhance the diversity of choice of products, and strengthen platform service advantages and differentiation through cross-border cross-industry cooperation, and strive to meet the needs of consumers for a full range of life. Long.

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

The Group's only franchise in Japan cross-border shopping agency Bibian has opened many industry first since October 2019, including the lowest air freight rate in the industry, free automatic air return to Taiwan, free self-declaration, as well as full compensation for damage and non-arrival of goods delivery, and guarantee the cost. With transparent openness such as "zero risk, five shopping guarantee", and continue with SGH GLOBAL JAPAN, Japan's largest second-hand trading platform Mercari, Japan's largest second-hand trading platform, Japan's leading drugstore chain SANDRUG, the top five integrated companies in Japan, ONWARD MARCHE, ONWARD MARCHE, Japan's leading fashion group ONWARDING and other key strategic alliances, offers a variety of cross-border shopping models including Japan's carefully selected mall, Japanese e-commerce platform proxy purchase, and more than 200 local stores on demand. Since its opening, Gross Merchandising Value (website turnover) has grown strongly by nearly 300% (2022 vs. 2020). In the future, the service power and value of cross-border sales will continue to deepen the service power and value of cross-border sales, and strive to make cross-border shopping more into the daily routine of Taiwan consumers.

3) Continue to expand the application scenarios of FinTech services to maximize the effectiveness of fintech business

The Group has been actively developing the FinTech business in recent years. The services in mobile payment, third-party payment, e-payment and P-coin ecosphere have an advantage. Under the strategic alliance framework, the Group will provide diversified digital financial services by integrating cross-industry resources and services. Inject more energy into the Taiwan fintech ecosystem. At the same time, we will also focus on the integration of resources, combining the advantages and resources of e-commerce platforms to create synergies of subsidiaries, and continue to launch innovative services such as "Pi Wallet x PayLater" and "iPhone Subscription", which effectively promote profitable contribution.

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

1) Favorable factors:

A. Accelerating the penetration rate of domestic e-commerce after the epidemic, e-commerce long-term growth trend unchanged

According to the "Annual Data Summary of Taiwan Retail & E-commerce Sub-Industries" published by the Institute of Future Circulation, the scale of the non-store retail industry reached NT\$406.2 billion in 2022 and an annual growth rate of 8.26%, of which, the annual growth rate of "e-commerce and mail order" fell to 8.74% from 18.33% in the previous year. Although below the long-term growth performance (CAGR

9.8%) between 2010 and 2021, it is worth mentioning that non-store retail in 2022 The growth rate remained higher than the physical store retail sector, resulting in a drop of 0.1 percentage points to 90.5% in 2022. If you further deduct physical retail network sales, the physical retail share will drop to 88.49%, meaning Taiwan's e-commerce penetration rate has reached a record high of 11.51%.

Overall, despite the high base period and challenges of consumer rebound and shifting lines in 2022, the e-commerce industry will begin to return to long-term trends after the epidemic and return to solid growth trajectory. Currently, Taiwan's e-commerce penetration rate is still much lower than the leading markets in the UK, Korea, and China. Based on the average annual compound growth rate of Taiwan's retail and online sales, Taiwan's overall retail sales market will have a chance to close to NT\$1 trillion in 2030 (including e-commerce and mail) (Shopping industry size+TV shopping and direct sales size+ physical retail sales), e-commerce penetration rate increased to 20.1%. Taiwan will have the opportunity to become a leading market in the global 20% e-commerce penetration rate by 2030.

B. Government agencies focus on the development and promotion of e-commerce industry

The Digital Development Department, Taiwan's first central authority for digital fields, launched in August 2022 as the “motor” for digital development in Taiwan. In the future, through government and civil collaboration, it will help accelerate digital innovation and digital transformation in the industry, nurture professional talent, and target the Internet era. Emerging needs, adapt relevant regulations and systems, expand cross-border services, and co-ordinate the overall national security work.

2. Disadvantages and countermeasures :

A. Epidemic dividend fever, consumer reflux entity, Taiwan retail network sales competition intensifies

Observe the overall development of retail industry in Taiwan in 2022. Consumption heat including e-commerce, 3C and home appliances retail has slowed down or even dropped after the pandemic. According to Future Circulation Research, the growth rate of Taiwan's e-commerce industry fell from 18.33% in 2021 to 8.74% in 2022, but the growth is still at the forefront of the retail industry, indicating that the domestic e-commerce market is still in the stage of continuous expansion. On the other hand, the “3C and Home Appliances Retail Industry” has successfully reversed the 8-year recession between 2012 and 2019 due to the rapid popularization of home class and teleworking types, boosting the demand for 3C devices such as personal computers, tablets, headsets, and audio-visual appliances during the pandemic After the gradual lift, short-term new procurement demand slowed down to 1.79% in 2022, returning to a long-term decline in growth rate.

Response measures:

Compared with the higher base period of 3C and daily necessities brought by the pandemic in 2021, the consumer trend resets to the fundamentals of people's livelihood in 2022. At the same time, the overall industry competition is fierce and more diverse than the past. Looking forward to 2023, the PChome network family will uphold the core value of “user first” and actively introduce a sense of change for consumers and partners to fight for the return of consumers and new consumers. Including continuing to enhance the richness of

direct brands, strengthen the breadth and depth of HMDS product development, consolidate 3C electronic product leadership, layout strategic cooperation, to meet consumers' all-round daily shopping needs in one stop, and create a win-win cooperation with major manufacturers. At the same time, the data-driven core will accelerate the optimization of user experience, enhance price competitiveness and consumer feedback, strengthen the effectiveness of marketing channels, borrow existing smart warehousing and phase-enabled A7 Smart Logistics Park to improve picking performance and actively expand third-party warehousing business. Strengthen the distribution capacity and coverage of our own fleet, expand the distribution network in the central and southern region, and improve distribution services. It also accelerates focus on the integration of resources, strengthens operational efficiency, combined with the advantages and resources of the existing open ecosystem platform, creating synergies, and continuously launching innovative services, turning PChome networked family group into a network business closely connected to the lives of consumers in Taiwan, and became the most competitive e-commerce.

B. Post-epidemic warehousing shortage, shipping costs continue to climb

According to the future circulation survey, the epidemic has led to severe shortages in the transportation and warehousing industry. The vacancy rates for transportation and warehousing 2021 and 2022H1 are the highest among the three core service sectors, and the average vacancy time continues higher than the overall service industry, showing that there is a shortage of manpower. Meanwhile, after the outbreak of the 2020 epidemic, Taiwan's third-party motor freight industry has shown an increase in freight rates, with a 20.6% increase in freight rates per metric ton in 2022H1 compared to 2019H1.

Response measures:

The Linkou A7 Network Intelligent Home Logistics Park, which is only a 30-minute drive from Taipei City and Taoyuan Airport, has been put into operation in January 2023. This logistics center is the first to implement AI technology and the highest density in Taiwan's e-commerce industry. Logistics center for automated warehousing equipment. Storage space of 45,000 floor area, using AI and dual track automation combined warehouse design, including material box type and pallet shuttle rack system (Shuttle Rack), latent robot (AGV) and other automation equipment, plus complete automation operation process design, from the past "to people Goods" into "people on the goods", the overall daily package capacity will increase more than 1 times, for large order fluctuations can be effectively solved, coupled with the analysis of big data, allowing order partitioning, time period optimization and network own fleet, Cooperation logistics providers such as Chunghwa Post undertake to deliver packages to consumers more efficiently and build a more efficient and flexible logistics chain.

(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 platform. 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

Main Product	Year	2021		2022	
		Overseas Sales	Domestic Sales	Overseas Sales	Domestic Sales
E-Commerce		13,149	48,136,168	11,535	44,905,557
Others		0	430,050	0	1,183,351
Total		13,149	48,566,218	11,535	46,088,908

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 potentials.

Year	2021	2022	Current year as of the printing date of the annual report
No. of employees	1,854	1893	1,829
Average age	35.48	36.26	36.58
Average Years of Service	5.18	5.65	5.68
Educational background (%)	Ph.D.	0.05%	0.05%
	Master's degree	7.76%	7.40%
	Bachelor's degree and associate degree	65.04%	64.82%
	Senior high school	24.71%	25.09%
	Below senior high school	2.44%	2.64%

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 have 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	6,417	19,436	3,786
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 system, 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 communicates. 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 prescribed incentive and punishment methods in the work rules to prevent deviations in employee behavior, and then cause damage to 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) Implement trade secret maintenance measures

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) 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 safe, healthy, and comfortable. 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 relation. 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

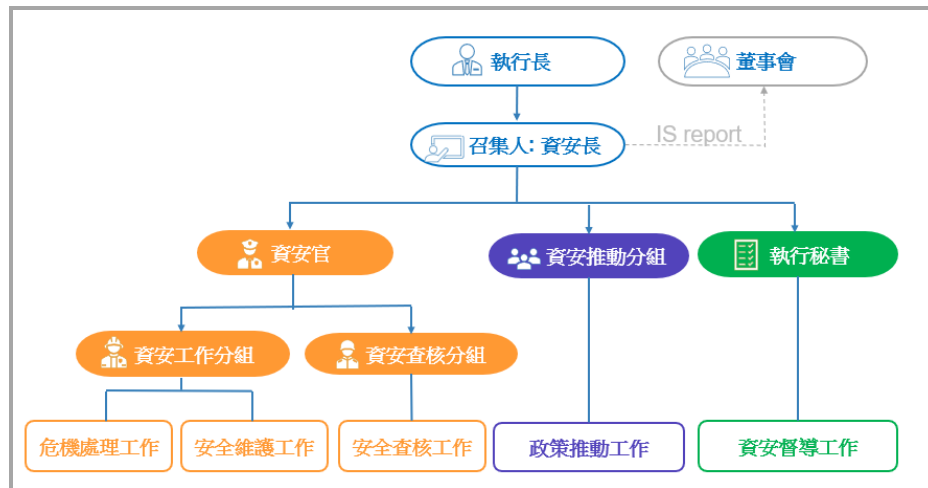
(1) Corporate cyber security governance organization

In 2018, the Company established the "Cyber Security Department" as part of its efforts to strengthen cyber security management and enhance the reliability of its information technology environment. Operating as an autonomous unit, free from interference from other areas of the organization, the Department assumes responsibility for overseeing the formulation, implementation, risk assessment, control, and audit compliance of the company's cyber security policies. This arrangement promotes cyber security measures both internally and externally, ensuring the provision of secure online services to customers. Additionally, the senior executive of the Cyber Security Department is mandated to provide quarterly reports on the current state of cyber security management, future plans, and relevant issues to the CEO and the Audit Committee of the Board of Directors.

To implement the cyber security strategy set by the 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



2. 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 becoming an online shopping platform to make consumers feel safe, without any concern about information security or personal privacy violations, and ensure business capacity and performance of online services, establish a complete security management policy, from system, technical and procedural aspects to evaluate information security risks based on the level of risk. Prioritize processes, such as probability, impact level and costs required to circumvent risks, clearly identify the significant risks of business and security impacts, and ensure that through the PDCA (Plan-Do-Check-Act) cycle management methodology Risk reduction effectiveness to create the highest standards of confidential information protection services that meet customer needs.

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 occurring. In addition, to enhance the cyber security awareness and knowledge of all employees, the Company holds regular conferences and training sessions to disseminate cyber security-related updates and collect information security incidents to inform 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 keeping abreast of the latest trends and knowledge in cyber security.

(2) Specific management schemes



(3) Resources invested in cyber security management

<p>政策</p> <p>訂定 12 項資通安全政策 並定期檢視修定</p> <p>為深化資訊安全防範並落實制度化規範之具體作為，本公司業已依照ISO27001國際標準訂定12大項資通安全政策，且每半年定期審查政策完整性、適用性與適法性，以進一步確保資安規定與時俱進，符合實際業務所需，並保障客戶之交易過程安全無虞，最新版於2022年6月修訂。</p>	<p>訓練/宣導</p> <p>111 名 IT 通過進階開發安全課程與測驗</p> <p>針對技術人員進行資安教育訓練，內容包括駭客攻擊手法、安全開發程式與網路系統加固防護等，並於課程完成後隨即進行測驗。111名員工參加，總時數378小時。</p>	<p>1564 名員工 完成資安意識教育訓練</p> <p>針對有電腦操作需求人員進行資安意識線上教育訓練課程，內容包括安全的使用電腦、個資保護與常見的網路陷阱等，並於課程完成後隨即進行測驗。1564名員工參加，總時數782小時。</p>	<p>336 名新員工 完成資安與個資保護訓練</p> <p>所有新進人員皆需完成資訊安全與個資保護教育訓練課程。336名新進員工參加，總時數168小時。</p>
<p>資安風險管理</p> <p>完成 1955 項次 資訊循環稽核</p> <p>依照資安政策，每季定期執行資訊系統內控查驗，確保資訊安全政策實施績效。稽核項目共分為9個大項、62個小項，總計共進行了1955項次的稽核。</p>	<p>完成 160 次 弱點掃描</p> <p>每季使用自動化工具與流程識別資訊系統的潛在風險，並透過資訊稽核內控循環管理風險的處理狀態。本年度共進行了160次的弱點掃描，並及時修補了4628個弱點。</p>	<p>進行 457 個人天的 駭客攻防演練</p> <p>營運資訊系統環境不定期舉辦攻防演練，提早發現未知弱點與設定失當，防止遭受不法利用與駭客入侵。本年度共進行了457個人天的攻防演練。</p>	<p>完成了 399 份 供應商合約資安評估</p> <p>審閱委外合約內容風險與機敏性外，落實簽署保密同意書與違反合約之處置條款，確保並落實委外廠商的資安保密義務。本年度共審閱了399份合約。</p>

(4) Cyber security risks and contingency measures

In recent years, the size and frequency of cyber attacks has been constantly increasing, and the attackers attempt to interrupt business operations and demand companies to pay a ransom, using virtual currency for the ransom makes it easy to convert into cash but difficult to trace, the attackers are no longer for destroying, gaining fame, they gradually gathered into a professional group with a variety of hacking techniques, looking for exploitable weaknesses and exploits and profitable goals, trying to gain benefits; the operating price of e-commerce platform and the characteristics of a large number of personal information became the targets. The attackers coveted through various architectural weaknesses, Exploits, human settings, phishing attacks, etc., gain control of a website, or launch DDoS attacks that affect the stability of the website, or even cause website service interruptions to the normal operation of the business.

We have built comprehensive security and monitoring mechanisms for networks, hosts, user terminals, applications, and critical data over the past few years. In 2022, not only Endpoint protection and network detection and response mechanisms have been deepened to prevent attacks on employees. By monitoring corporate network traffic, we continuously detect suspicious malicious behavior to identify the traces of attackers and prevent further escalation.

We have established standardized procedures for security risk assessment and emergency response, and assigned responsible personnel to handle critical incidents, assess the scope of impact and emergency measures necessary for risk handling to reduce the scope of impact and loss.

(4)Material cyber security incidents

As of the date of printing of the Annual Report, the Company has not identified any material cyber attacks or incidents that are likely to have a material adverse effect on the business and operations of the Company, nor has 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.

2022.12.31

Nature of Contract	Counterparty	Contract Period	Details	Restrictive Provisions
Contract	Chunghwa Telecom Co., Ltd.	2022.08.01 ~ 2023.07.31	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 written notice served four days in advance)	Co-location	None
Asset purchase 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.,	None

Nature of Contract	Counterparty	Contract Period	Details	Restrictive Provisions
Trademark license agreement ; Derivative license agreement			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.	
Bank credit approval notice	The Company and Shanghai Commercial & Savings Bank	2022.10.05~2024.10.05	1.Credit line: Medium-term loan of NT\$0.5 billion (reversible circulation) 2.Credit period:2 years 3.Interest is paid monthly, principal repayment at maturity	None
Bank credit approval notice	PChomestore Inc. and Shanghai Commercial & Savings Bank	2019.01.02~2025.07.02	1.Credit line: Medium-term of NT\$650 million (irreversible circulation) 2.Credit period: 6.5 years 3.The principal is repaid at NT\$50 million every six months, and the interest is paid 4.Guaranty method: 20% demand deposit reserve based on the credit balance	None
Bank credit approval notice	The Company and Shanghai Commercial & Savings Bank	2021.09.24~2028.09.24	1.Credit line: Medium-term loan of NT\$720 million (irreversible circulation) 2.Credit period:7 years 3.Interest is paid monthly, After three years from the date of the first move of the principal, it will be amortized every month.	None
Bank credit approval notice	The Company and Chang Hwa Bank	2021.10.26~2028.10.26	1.Credit line: Medium-term loan of NT\$828 million (irreversible circulation) 2.Credit period:7 years 3.Interest is paid monthly, After three years from the date of the first move of the principal, it will be amortized every month. 4.Others: Among them, NT\$735 million was collected for machinery and equipment as collateral.	None
Bank credit approval notice	The Company and Cathay United Bank	2021.10.26~2028.10.26	1.Credit line: Medium-term loan of NT\$800 million (irreversible circulation)	None

Nature of Contract	Counterparty	Contract Period	Details	Restrictive Provisions
			2.Credit period:7 years 3.Interest is paid monthly, After three years from the date of the first move of the principal, it will be amortized every month.	
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)					Financial Information ending March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		5,843,149	5,880,642	7,730,654	8,230,730	7,750,735	
Property, plant, and equipment		443,799	440,998	389,790	780,187	992,571	
Intangible assets		24,040	44,812	34,120	22,427	55,285	
Other assets		1,065,849	4,605,614	4,150,654	7,823,335	8,245,210	
Total assets		7,376,837	10,972,066	12,305,218	16,856,679	17,043,801	
Current liabilities	Before distribution	3,632,034	4,807,561	5,489,006	6,669,893	8,244,702	
	After distribution	3,632,034	4,889,573	5,642,743	6,733,710	8,244,702 (Note 2)	
Non-current liabilities		811,070	3,121,735	3,456,566	3,860,056	2,421,131	
Total liabilities	Before distribution	4,443,104	7,929,296	8,945,572	10,529,949	10,665,833	
	After distribution	4,443,104	8,011,308	9,099,309	10,593,766	10,665,833 (註 2)	
Equity attributable to owners of parent company		2,933,733	3,042,770	3,359,646	6,326,730	6,377,968	
Share Capital		1,171,595	1,171,595	1,182,595	1,285,139	1,281,629	
Capital surplus		2,507,423	1,722,411	1,938,916	4,692,857	5,011,096	
Retained earnings	Before distribution	(790,347)	100,564	302,345	243,510	148,993	
	After distribution	0	18,552	148,608	179,693	148,993 (Note 2)	
Other equity interest		45,062	48,200	(64,210)	182,586	146,752	
Treasury stock		0	0	0	(77,362)	(210,502)	
Non-controlling interests		0	0	0	0	0	
Total equity	Before distribution	2,933,733	3,042,770	3,359,646	6,326,730	6,377,968	
	After distribution	2,933,733	2,960,758	3,205,909	6,262,913	6,377,968 (Note 2)	

Note 1. Financial information from 2018 to 2022 has been audited and certified by CPAs.

Note 2. Refers to the amount determined by the Board of Directors on March 20, 2023.

2. Condensed consolidated balance sheets - IFRS

Unit: NT\$ thousands

Item	Year	Financial Information of the Most Recent Five Years (Note 1)					Financial Information ending March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Current assets		10,265,101	11,045,195	12,645,129	15,307,816	15,106,423	14,629,297
Property, plant, and equipment		541,005	584,976	569,790	957,115	1,132,645	1,158,784
Intangible assets		28,224	153,710	141,516	4,127,252	5,807,608	5,780,420
Other assets		326,579	3,473,866	3,105,294	4,038,343	4,545,374	7,681,523
Total assets		11,160,909	15,257,747	16,461,729	24,430,526	26,592,050	29,250,024
Current liabilities	Before distribution	6,369,104	7,832,514	8,454,808	11,951,487	14,177,313	13,927,794
	After distribution	6,369,104	7,914,526	8,608,545	12,015,304	14,177,313	Not applicable Note 2:
Non-current liabilities		1,368,261	3,658,149	3,922,919	4,824,729	3,974,575	6,933,355
Total Amount	Before distribution	7,737,365	11,490,663	12,377,727	16,776,216	18,151,888	20,861,149
	After distribution	7,737,365	11,572,675	12,531,464	16,840,033	18,151,188	Not applicable (Note 2)
Equity attributable to owners of parent company		2,933,733	3,042,770	3,359,646	6,326,730	6,377,968	6,381,055
Share Capital		1,171,595	1,171,595	1,182,595	1,285,139	1,281,629	1,281,629
Capital surplus		2,507,423	1,722,411	1,938,916	4,692,857	5,011,096	5,108,435
Retained earnings	Before distribution	(790,347)	100,564	302,345	243,510	148,993	27,763
	After distribution	0	18,552	148,608	179,693	148,993	Not applicable (Note 2)
Other equity interest		45,062	48,200	(64,210)	182,586	146,752	173,730
Treasury stock		0	0	0	(77,362)	(210,502)	(210,502)
Non-controlling interests		489,811	724,314	724,356	1,327,580	2,062,194	2,007,820
Total equity	Before distribution	3,423,544	3,767,084	4,084,002	7,654,310	8,440,162	8,388,875
	After distribution	3,423,544	3,685,072	3,930,265	7,590,493	8,440,162	Not applicable (Note 2)

Note 1. Financial information from 2018 to 2022 has been audited by CPAs and financial information of the first quarter of 2023 has been reviewed by CPAs.

Note 2. Refers to the amount determined by the Board of Directors on March 20, 2023.

(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)					Financial Information ending March 31, 2023
		2018	2019	2020	2021	2022	
Operating revenue		32,113,665	36,308,415	41,672,964	46,118,646	42,896,307	
Gross profit		3,912,699	4,310,956	5,016,864	5,527,225	4,543,782	
Operating income (loss)		326,915	427,285	589,528	595,414	(31,223)	
Non-operating income and expenses		(1,274,707)	(214,813)	(255,903)	(276,266)	62,895	
Net income (loss) before income tax		(947,792)	212,472	333,625	319,148	31,672	
Net income (loss) of continuing operations		(994,643)	162,437	252,794	97,442	(52,794)	
Loss from discontinued operations		0	0	0	0	0	
Net income (loss) of the period		(994,643)	162,437	252,794	97,442	(52,794)	
Other comprehensive income, net of tax		9,849	2,426	(57,369)	228,110	(21,595)	
Total comprehensive income		(984,794)	164,863	195,425	325,552	(74,389)	
Net income (loss) attributable to owners of parent		(994,643)	162,437	252,794	97,442	(52,794)	
Net income attributable to non-controlling interests		0	0	0	0	0	
Total comprehensive income attributable to owners of parent		(984,794)	164,863	195,425	325,552	(74,389)	
Total comprehensive income attributable to non-controlling interests		0	0	0	0	0	
Earnings per share		(8.49)	1.39	2.16	0.84	(0.42)	

Note 1. Financial information from 2018 to 2022 has been audited and certified by CPAs.

2. Condensed consolidated statement of comprehensive income - IFRS

Unit: NT\$ thousands

Item	Year	Financial Information of the Most Recent Five Years (Note 1)					Financial Information ending March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Operating revenue		34,594,364	38,883,580	43,869,852	48,579,367	46,100,443	10,155,900
Gross profit		4,298,457	4,589,608	4,994,411	5,555,740	5,440,089	1,199,252
Operating income (loss)		(1,726,844)	277,916	316,304	241,477	(60,406)	(118,081)
Non-operating income and expenses		27,041	(45,901)	(11,936)	97,126	317,384	77,038
Net income (loss) before income tax		(1,699,803)	232,015	304,368	338,603	256,978	(41,043)
Net income (loss) of continuing operations		(1,766,873)	141,694	220,874	62,245	43,592	(80,879)
Loss from discontinued operations		0	0	0	0	0	0
Net income (loss) of the period		(1,766,873)	141,694	220,874	62,245	43,592	(80,879)
Other comprehensive income, net of tax		6,447	(2,526)	(58,430)	84,982	12,545	29,294
Total comprehensive income		(1,760,426)	139,168	162,444	147,227	56,137	(50,955)
Net income attributable to owners of parent		(994,643)	162,437	252,794	97,442	(52,794)	(120,977)
Net income attributable to non-controlling interests		(772,230)	(20,743)	(31,920)	(35,197)	96,386	40,098
Total comprehensive income attributable to owners of parent		(984,794)	164,863	195,425	325,552	(74,389)	(94,262)
Total comprehensive income attributable to non-controlling interests		(775,632)	(25,695)	(32,981)	(178,325)	130,526	43,307
Earnings per share		(8.49)	1.39	2.16	0.84	(0.42)	(0.96)

Note 1. Financial information from 2018 to 2022 has been audited by CPAs and financial information of the first quarter of 2023 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
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
2022	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)					Financial Information as of March 31, 2023
		2018	2019	2020	2021	2022	
Financial structures	Debt ratio (%)	60.23	72.27	72.20	62.47	62.58	
	Long-term fund to property, plant and equipment ratio (%) (note1)	843.81	1,397.85	1,748.69	1,305.69	886.50	
Liquidity Analysis	Current ratio (%)	160.88	122.32	140.84	123.40	94.01	
	Quick ratio (%)	124.61	85.83	107.03	95.06	69.01	
	Times interest earned (times)	(111.71)	5.26	8.80	8.87	1.67	
Camp Abilities	Average collection turnover (times)	64.00	50.91	57.45	52.76	42.81	
	Days sales outstanding	5.7	7.17	6.35	6.92	8.53	
	Inventory turnover (times)	25.33	21.66	21.05	23.01	20.64	
	Average payment turnover (times)	10.39	11.35	10.94	10.75	10.09	
	Average inventory turnover days	14.4	16.9	17.3	15.9	17.7	
	Property, plant and equipment turnover (times) (note2)	72.36	82.33	106.91	59.11	43.22	
	Total assets turnover (times)	4.35	3.31	3.39	2.74	2.52	
Profitability	Return on assets (%) (note3)	(12.62)	2.22	2.48	0.89	(0.09)	
	Return on equity (%) (note4)	(26.00)	5.4	7.9	2.01	(0.83)	
	Net income before income tax to paid-in capital ratio (%)	(80.90)	18.14	28.21	24.83	2.47	
	Net margin (%) (note5)	(3.10)	0.45	0.61	0.21	(0.12)	
	Earnings per share (NT\$) (note6)	(8.49)	1.39	2.16	0.84	(0.42)	
Cash Flow	Cash flow ratio (%) (note7)	(29.47)	30.22	46.04	12.82	1.13	
	Cash flow adequacy ratio (%)	78.62	90.15	153.65	161.21	157.79	
	Cash flow reinvestment ratio (%) (note8)	(24.07)	29.56	28.44	5.65	0.26	
Leverage	Operating leverage	7.86	6.56	5.33	5.41	(84.56)	
	Financial leverage	1.03	1.13	1.08	1.07	0.40	
Reasons for changes in various financial ratios in the most recent two years (Analysis is not required if the change is within 20%).							
1.The decrease from the previous period was mainly due to the increase in the acquisition of property, plant and equipment.							
2.Real estate, plant and equipment turnover rate: Decreased from the previous period, mainly due to the increase in the acquisition of property, plant and equipment.							
3.The decrease from the previous period was mainly due to the decrease in net income for this period.							
4.The decrease from the previous period was mainly due to the decrease in net income for this period.							
5.The decrease from the previous period was mainly due to the decrease in net income for this period.							
6.The decrease from the previous period was mainly due to the decrease in net income for this period.							
7.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.							
8.The decrease from the previous period was mainly due to a decrease in net cash inflows from operating activities for this period.							

Note 1. Financial analysis from 2018 to 2022 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)
		2018	2019	2020	2021	2022	
Financial Structure	Debt ratio (%)	69.33	75.31	75.19	68.67	68.26	71.32
	Long-term fund to property, plant and equipment ratio (%)	885.72	1,269.32	1,405.24	1,303.82	1,096.08	1,326.58
Liquidity Analysis	Current ratio (%)	161.17	141.02	149.56	128.08	106.55	105.42
	Quick ratio (%)	137.99	116.43	124.90	109.92	88.88	89.65
	Times interest earned (times)	(69.49)	4.62	6.56	7.17	4.00	(0.07)
Operating Performance	Average collection turnover (times)	64.24	67.77	86.79	25.08	13.59	10.27
	Days sales outstanding	5.7	5.4	4.2	14.55	26.85	35.53
	Inventory turnover (times)	27.13	23.19	22.10	23.85	21.47	19.06
	Average payment turnover (times)	10.70	11.71	11.22	11.04	10.36	11.20
	Average inventory turnover days	13.5	15.74	16.52	15.31	17.00	19.15
	Property, plant and equipment turnover (times)	63.94	66.47	76.99	50.76	40.70	35.06
	Total assets turnover (times)	3.10	2.55	2.66	1.99	1.73	1.39
Profitability	Return on assets (%)	(15.34)	1.46	1.67	0.52	0.44	(0.18)
	Return on equity (%)	(41.20)	3.94	5.63	1.06	0.54	(0.94)
	Net income before income tax to paid-in capital ratio (%)	(145.08)	19.80	25.74	26.35	20.05	(3.09)
	Net margin (%)	(5.11)	0.36	0.50	0.13	0.09	(0.78)
	Earnings per share (NT\$)	(8.49)	1.39	2.16	0.84	(0.42)	(0.96)
Cash Flow	Cash flow ratio (%)	(41.58)	8.62	16.71	6.17	(5.34)	(8.34)
	Cash flow adequacy ratio (%)	43.12	20.96	37.96	27.29	(21.33)	34.03
	Cash flow reinvestment ratio (%)	(45.90)	7.46	13.02	3.97	(5.49)	(7.08)
Leverage	Operating leverage	(1.01)	7.72	7.33	10.19	(41.80)	(4.61)
	Financial leverage	0.99	1.30	1.21	1.29	0.41	0.76

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

1. Average collection turnover: The decrease from the previous period was mainly due to the longer collection period of receivables from the new investment subsidiary, resulting in the decrease of the ratio.
2. Days sales outstanding: The increase was mainly due to the decrease in the turnover rate of accounts receivable, which led to the increase in the number of days.
3. Real estate, plant and equipment turnover rate: Decreased from the previous period, mainly the acquisition of real estate, plant and equipment increase this period, resulting in a decrease.

- 4.Total assets turnover: The decrease from the previous period was mainly due to the large size of the new investment subsidiary, which led to the decrease in the ratio.
- 5.Return on assets: The decrease from the previous period was mainly due to the decrease in net income for this period., which led to the decrease in the ratio.
- 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 a decrease in net cash inflows from operating activities.
- 11.Cash flow reinvestment ratio: The decrease from the previous period was mainly due to a decrease in net cash inflows from operating activities for this period.
- 12.Operating leverage: The increase over the previous period was mainly due to the increase in gross profit.

Note 1. Financial analysis from 2018 to 2022 is based on numbers in the consolidated financial statements audited and certified by CPAs. Financial analysis for the first quarter of 2023 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)Ratio of long-term funds to real estate, plant and equipment = (total equity+non-current liabilities) /net real estate, plant and equipment

2.Liquidity Analysis

- (1)Current ratio = current assets/current liabilities.
- (2)Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities.
- (3)Interest Protection Multiplier = Net Profit Before Income Tax and Interest Expense/Current Interest Expense

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)Return on Assets (ROA) = (Net income (loss) + 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. (Note3)

5.Cash Flow

(1)Cash flow ratio=net cash flows from 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)Operation 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:

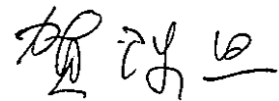
In consideration of the Company's FY 2022 annual financial statements and consolidated financial statements submitted by the Board of Directors, having been subject to the audit completed by Pearl Chen and Lillian Lien, the CPAs of KPMG, together with the FY 2022 annual business report and the earning 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.

On this

2023 Annual General Shareholders' Meeting of the Company

Audit Committee Convener

Tan Hochen



Signature

March 23, 2023

IV. Financial Statements of the Most Recent Year: Please refer to the Attachment.

V. Audited and Certified Consolidated Financial Statements of the Most Recent Year:
Please refer to the Attachment.

VI. The Company and its affiliates have the latest and as of the publication of the Annual Report, if financial difficulties occur 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	2021	2022	Difference	
				Amount	%
Current assets		15,307,816	15,106,423	(201,393)	(1.32)%
Financial assets at fair value through profit or loss - non-current		191,512	412,790	221,278	115.54%
Financial assets at fair value through other comprehensive income - non-current		767,882	791,590	23,708	3.09%
Investments accounted for using equity method		39,532	271,852	232,320	587.68%
Property, plant and equipment, net (including right-of-use asset)		3,037,488	3,149,328	111,840	3.68%
Intangible assets		4,127,252	5,807,608	1,680,356	40.71%
Other assets		959,044	1,052,459	93,415	9.74%
Total assets		24,430,526	26,592,050	2,161,524	8.85%
Current liabilities		11,951,487	14,177,313	2,225,826	18.62%
Non-current liabilities		4,824,729	3,974,575	(850,154)	(17.62)%
Total liabilities		16,776,216	18,151,888	1,375,672	8.20%
Share Capital		1,285,139	1,281,629	(3,510)	(0.27)%
Capital surplus		4,692,857	5,011,096	318,239	6.78%
Retained earnings		243,510	148,993	(94,517)	(38.81)%
Other equity interest		182,586	146,752	(35,834)	(19.63)%
Treasury stock		(77,362)	(210,502)	(133,140)	172.10%
Equity attributable to owners of parent company		6,326,730	6,377,968	51,238	0.81%
Non-controlling interests		1,327,580	2,062,194	734,614	55.33%
Total equity		7,654,310	8,440,162	785,852	10.27%

Analysis Description: For those who have changed more than 20 percent, and the change amount reached NT\$10 million is analyzed as follows.

1. Financial assets at fair value through profit or loss - Non current: Mainly due to the increase of newly held investment targets.
2. Investment by equity method: Mainly due to the increase of newly held investment targets.
3. Intangible assets: Mainly came from the newly acquired investment portfolio.
4. Retained earnings: Mainly due to 2022 loss, cash dividends of 2021 and special surplus reserve.
5. Treasury stocks: In the current period, the Board of Directors decided to buy back 1900 thousand shares of treasury stock on the market according to SEC laws.
6. 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	2021	2022	Changes in Dollar Amount	Changes in Percentage (%)
Operating revenue, net		48,579,367	46,100,443	(2,478,924)	(5.10)%
Operating costs		43,023,627	40,660,354	(2,363,273)	(5.49)%
Gross profit		5,555,740	5,440,089	(115,651)	(2.08)%
Operating expenses		5,314,263	5,500,495	186,232	3.50%
Other Profit and Expense Net Amount		-	-	-	-
Net operating income (loss)		241,477	(60,406)	(301,883)	(125.02)%
Non-operating income and expenses		97,126	317,384	220,258	226.78%
Net income (loss) before income tax		338,603	256,978	(81,625)	(24.11)%
Income tax expense		276,358	213,386	(62,972)	(22.79)%
Net income (loss) for the year		62,245	43,592	(18,653)	(29.97)%
Analysis on changes in percentage in the most recent two years: (For changes in percentage exceed 20% or changes in dollar amount exceed NT\$10 million)					
1. Net operating (loss) profit: The difference is mainly due to the inclusion of the merger targets in the financial statements for partial periods of both 2021 and 2022.					
2. Non-operating income and expenses: The increase in non-operating income is primarily attributed to valuation gains from investment portfolios of the consolidated company and recovery gain from Fintech BU.					
3. Net profit before tax: The decrease in pre-tax net profit is mainly attributable to the reduction in operating net profit compared to 2022.					
4. Income tax expense: The decrease in income tax expense is primarily due to the decrease in pre-tax net profit for the current period.					
5. Net profit for the current period: Considering the above factors, the net profit for the period has decreased compared to the previous period.					

(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
8,147,239	(756,497)	(540,935)	6,849,807	None	None

1. Operating activities:

Net cash inflow from operating activities of NT\$756,497 thousand was mainly due to net income before income tax of NT\$256,978 thousand, a decrease in net changes of assets relating to operating activities of NT\$1,411,708 thousand, an increase in net changes of liabilities relating to operating activities of NT\$119,457 thousand, and cash used in operating activities of NT\$1,531,165 thousand.

2. Investing activities:

The net cash outflow from investing activities of NT\$1,748,089 thousand was mainly due to the acquisition of subsidiaries and the acquisition of financial assets, property, plant and equipment measured at fair value through other comprehensive income.

3. Financing activities:

Net cash inflow from financing activities was NT\$1,207,687 thousand, mainly due to long-term loans of NT\$1,322,500 thousand, increase in short-term loans of NT\$1,098,788 thousand, repayment of lease principal of NT\$544,003 thousand, repayment of long-term loans of NT\$521,000 thousand, and cash dividends of NT\$63,817 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		Changes in Percentage (%)
	2021	2022	
Cash flow ratio (%)	6.17	(5.34)	(63.09)%
Cash flow adequacy ratio (%)	27.29	(21.33)	(28.11)%
Cash flow reinvestment ratio (%)	3.97	(5.49)	(69.48)%

Notes to increase/decrease:

- Cash flow ratio: 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.
- Cash flow adequacy ratio: The decrease from the previous period was mainly due to a decrease in net cash inflows from operating activities in the past five years.
- Cash flow reinvestment ratio: 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 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)	Expected Insufficient Cash Amount of Remedy	
				Investing Plan	Financing Plan
6,849,807	1,459,711	(1,250,154)	7,059,364	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

Reinvestment Project (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	Losses due to market competition; adjustments made in operating strategies	Continue to introduce new businesses depending on the development of COVID-19 epidemic.	None
PChome Express Co., Ltd.	Strategic investment in logistics and transportation	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
CHT-PCH No. 1 Co., Ltd.	Strategic investment in venture capital	Perform well in terms of profitability and operation	Continuous development	None
Cornerstone Ventures	Strategic investment in venture capital	Perform well in terms of profitability and operation	Continuous development	None
Mitch Co., Ltd.	Strategic investment associated with internet	In line with the Company's business strategies, not yet profitable	Termination of Operation	None
21st Financial Technology Co., Ltd.	Strategic investment in FinTech services	Newly-invested company, having good profit and operating performance.	Continuous development	None

Reinvestment Project (Note 1)	Reinvestment Policy	Main Reason for Profits or Losses	Improvement Plan	Investment Plan for the Coming Year (Note 2)
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
PChome eBay Co., Ltd.	Strategic investment associated with internet	Perform well in terms of profitability and operation	Continuous development	None
Bibian Co., Ltd.	Strategic investment associated with internet	Perform well in terms of profitability and operation	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
21st Century Digital Technology Co., Ltd..	Strategic investment in FinTech services	Perform well in terms of profitability and operation	Continuous development	None
Cherri Tech 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

Note 1. Holding companies are not included in this table

It includes direct and indirect investments. The Company's investment gain and loss is detailed in the Report. Future investments will continue to focus on the long-term development of the company.

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\$85,650 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 the growing business size of the company, increased profitability, abundant capital, close relationship with the company and financial institutions, good financial stability, good credit, good interest rate level, expected future interest rate changes will not be caused to the company's overall operation and profit and loss to cause significant impact.

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 was NT\$23,932 thousand in 2022, 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 2022. 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.

(3)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.

(4)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 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
First-Party Marketing Performance Tracking System	The attribution model of the advertising performance tools on the market is the final click, or the first and the final split. For comprehensive e-commerce with advertising slots on the site and outside the station, it is not beneficial to evaluate the value of each slot, need to build a system to step on any position record consumers stepped on and analyze.
Automated Marketing System	Use a large number of e-commerce browsing and transaction events to categorize members and products, and automatically generate suitable member communication lists with seasons and current events.
Web Application Containerization	Leverage the benefits of the cloud to improve operational performance by leveraging the foundation of 2022 half of systems on the cloud with auto-scalable application layers via containerized technology.
Web front-end development framework replacement	Rewrite back-end application layers with modern advanced cloud management tools such as third-party API management platforms, web front-end modernization frameworks, and more to improve management efficiency and system performance.
Supplier System Optimization	Through the above first-party marketing performance tracking and marketing automation system, we optimize the product listing process and the application of the supplier's investment results.
Third-Party Logistics System	Build up a logistics system that can undertake inventory and shipment with automation equipment and own fleet of Chunghwa Post A7 logistics center close to availability in 2022 Q4.

(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 advance 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 online shopping

We joined hands with Standard Chartered Bank to launch “PChome Helper Loan” in February this year to meet the real-time financing needs of its PChome 24h shopping’s merchandisers. Dual circulation quota design by combining the status of the account receivable and storage allows suppliers to accelerate business development with the support of innovative financing solutions; In April, PChome 24h bookstore cooperated exclusively with Rakuten Kobo, the world’s second largest e-book platform. E-commerce has introduced nearly 4 million e-books to build the most online bookstore in Taiwan; in July, alliance with China Trust and Chunghwa Telecom launched the first three-party cross-border joint card “China Trust ALL ME Card” to break through the pain points of inter-industry conversion. Let the feedback points be able to accumulate points and exchange points between Pi Wallet and Hami Pay platform at the same time, and provide up to 12% across e-commerce, telecom, four major convenience stores, living payment and other consumer application scenarios, PChome 24h shopping, Ruten, PChomestore, and PChome Travel are all shared benefits. It is P coin and Hami Point, and can be used at more than 380,000 partner stores in Taiwan through Pi Wallet. Fully upgraded the service experience of the P-Points ecosystem; PChome 24h Shopping, the only Apple Authorized e-Commerce Distributor in Taiwan, announced in September this year, combined with the Group's Cardless Installment Payment Service, online insurance service to launch the exclusive iPhone subscription program in Taiwan with five major service features including “The main “0 interest rate low monthly payment, free pre-payment deposit, exclusive insurance, renew every year to create a preferred platform for iPhone purchase across Taiwan; in October, FunNow and PChome 24h Shopping joined hands to elevate one-stop shopping service, combining e-ticket and instant booking function, with more than 5,000 dining options, including popular restaurants, massage spas, food queuing, star hotels and more, extending one-stop shopping The service situation to meet the consumer needs of 360 degrees from physical goods to service-based products, online to offline.

(2) Overseas cross-border e-commerce market

In recent years, cross-border shopping has been driven by the pandemic, not only has entered the daily lives of Taiwanese people, but also accelerates the growth of the frequency and scale of cross-border shopping. PChome Group's only franchise in Japan's cross-border purchasing e-commerce business breakout during the epidemic period, observed that the overall results (Gross Merchandise Value, website transaction amount) in the first half of this year has reached 70%, especially the overall health and drug sales growth of about 3 times. In order to meet the increasingly diverse cross-border shopping demand, the new “Bibian Japanese Drug and cosmetic Mall” was launched in August this year. With Chinese interface, more than ten thousand of must-buy products synchronized with Japan trends, local direct purchase prices, etc., quickly seize the consumer's eye, driving monthly performance. We announced the upgrade of Japan's drug and cosmetic mall to “Bibian Japan's Select Mall”, offering over thousands of high-quality items such as medicine and health care, instant noodle snacks, lifestyle goods, Omiyage souvenirs, food queues, and more. There sident selection and thematic curation bring no time lag, more convenient cross-border shopping experience to Taiwanese consumers who love Japanese goods. In summary, Bibian can operate strong this year, with 2022 annual revenue hitted a record high, and the total site GMV (Gross Merchandise Value) increased by more than 50% year over year.

Its PChomeThai has been deeply cultivated in the Thai e-commerce market for many years. In 2022, we expanded the two-way cross-border e-commerce service to sell Thailand's best-selling brands and products back to Taiwan. In March, Thailand's DITP business office, Thailand's retail giant Siam Piwat Group, to introduce hundreds of premium Thai brands and Thai foods to Taiwanese consumers body care and cultural and creative design and other products, providing the industry's lowest free shipping threshold, NTD-denominated zero exchange loss, gold and tariff and other service advantages, to meet the diverse shopping needs of consumers, and strive to make PChomeThai the first choice for Thai goods in Taiwan.

(3)FinTech

In 2021, PChome Online Group introduced strategic investors —China Development Financial Holding Group, Chunghwa Telecom Group and the management team of 21st Financial Technology Co., Ltd.—to participate and obtain 50% equity 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 fintech with data as the core.

In 2022, announced the strategic acquisition of Cherri Tech. Inc., founded in 2015, the company's TapPay as the payment gateway Payment Gateway product, launched Cross-Site Jump Free Technology, dedicated to creating a safe and fast payment experience for online stores and consumers End-AI device fingerprint-based theft risk identification and monitoring technology. Leveraging Cherri's technology leadership in the financial services market in the 21st Fintech we will actively expand financial technology services such as third-party payments, mobile payments, BNPL (Buy Now Pay Later) to provide merchants and consumers with more convenient and secure omni-channel fintech products. Technical map.

In order to meet the preferences of the new generation consumers with more flexible payment options and use of funds, the Group launched the industry's first new service in April 2022 - “PayLater” into Pi Wallet, providing Taiwan's first full BNPL (Buy Now Pay Later, buy later), cardless installment, action Innovative financial services that pay for three major services, not only upgrade Taiwan through differentiated payment services, a wide range of application scenarios online and offline, as well as the combination of P point feedback and circular application of the ecosystem The breadth of application and service experience of BNPL products also provides Pi Wallet members with a wider range of digital financial services.

The pandemic accelerates digital streaming and has set off the global wave of subscription-based products. Consumers are more willing to pay for quality content than free to use or one-off products. Aiming at the rise of consumer subscription trends, as well as the trend of the new generation of consumer groups and advocating flexible consumption models, PChome Online Group launched the industry's unique “iPhone subscription program” in September this year, featuring five major service highlights: 0 low monthly interest rate, no deposit Insurance, plans are more free to expire, renew every year. With a 12-month subscription cycle, consumers can get the latest iPhone in a more stress-free way, and enjoy zero-interest cardless installments and integrated innovative services that include exclusive mobile phone insurance. Create innovative, convenient shopping experiences that meet the diverse consumer needs of the next generation.

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 manage and control the important corporate functions, such as the operation, database security management, and financial accounting. However, there can be no assurance that the system can completely avoid cyberattacks could potentially paralyze the system from third parties. These cyberattacks breach into the Company's internal network systems, and damage the operations and goodwill of the Company. The Company's systems may lose important information due to serious cyber attacks, and the database might be suspended indefinitely as a result of the unsolved problems. Malicious hackers may attempt to illegally acquire confidential information such as sensitive business data or personal information. Also, they may try to introduce computer viruses, destructive software, or ransomware into the network system to disrupt its operations then demand ransom payments from the Company in order to regain control over its own computer system, or access confidential information. These attacks may result in the Company being obligated to compensate customers for any delays or interruptions experienced during shopping, incurring substantial expenses related to implementing remedies and enhancing the Company's internet security systems, or assuming significant legal responsibilities arising from involvement in litigation or regulatory investigations regarding breaches of confidentiality obligations towards customers or third-party information.

Response measures:

1. Conducting annual reviews and evaluations of its network safety rules and procedures to ensure their adequacy and effectiveness.
2. Conducting annual reviews and evaluations of its network safety rules and procedures to ensure their adequacy and effectiveness.
3. Organizing regular information security audits every year to facilitate continuous improvement and mitigate information security risks.

4.Expanding information security functions and providing educational training to cultivate the necessary information security talent.

5.Proactively identifying weaknesses in the website system through attack and defense drills and undertaking timely remediation of identified weaknesses.

In 2022, up to the date of publication of this annual report, the Company has not identified any significant cyberattacks or incidents that have or may have a material adverse impact on the business and operations of the Company, nor has the Company been involved in any litigation or regulatory investigations.

(VI)The impacts of change of corporate image on the business crisis management and the 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: The Company is not a manufacturer. Therefore, this is not applicable.

(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.

Management Unit: 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 Manager's Office: Responsible for planning business decisions and assessing the effectiveness of medium and long-term investments to reduce the strategic risks.

Audit Office: Responsible for revising and promoting internal control system so as to strengthen the internal control functions and to ensure its continued effectiveness.

Legal Department: 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 unit: 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.

IT Service Unit: 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 unit: Responsible for formulating product and market promotion strategies and grasping market trends to reduce market risks.

Operation unit: 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	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. 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. 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

Balance Sheet Valuation Account	Evaluation Basis
	<p>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. Allowance for bad debts is recognized for notes and accounts receivables prior to 2022 (inclusive) according to these receivables' recoverability.</p>
Allowance for inventory valuation and obsolescence loss	<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 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 bring 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.</p>

(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)Industry-specific key performance indicators (KPIs)

Besides regularly reviewing the performance indicators of financial analysis, ROE and net margin are the Company's industry-specific KPIs. 2022 KPIs and annual achievement rates are: Parent company only ROE -0.83% and consolidated ROE 0.54%; parent company only net margin -0.12% and consolidated net margin 0.09%.

2. Basic information of affiliates

As of December 31, 2022; 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.)	54,054	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	Trade and 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.)	0.18	Internet services
PChome Us Inc.	2011.05.12	11501 Dublin Blvd Ste 200, Dublin CA 94568	USD4,980	E-commerce trading platform
Pi Mobile Technology Inc.	2015.1.29	12th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	465,000	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
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.	2009.11.9	6th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	501,000	Electronic payment institution licensing business
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 Co.,Ltd.	2018.10.18	11th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	200,000	Logistics and Transportation Business
PChome Online Inc. (Cayman)	2001.01.04	Suite 102, Cannon Place, P. O. Box 712, North Sound Rd.,	USD100,000	Trade and investment business

Company	Date of Establishment	Address	Paid-in Capital	Primary Business or Products
		George Town, Grand Cayman, KY1-9006 ,Cayman Islands.		
PCHOME ONLINE (HK) LIMITED	2000.05.29	25/F.,OTB BUILDING,160 GLOUCESTER ROAD, WANCHAI, HK	HKD5,641,239	Information software services and reinvestment 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. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 - 1205 Cayman Islands.	USD19,167.5	Investment business
PChome Japan KK	2013.05.15	東京都港区南麻布 3-20-1 Daiwa 麻布テラス 5F	JPY75,000,000	E-commerce for international trade
Ruten Japan KK	2015.08.12	大阪府大阪市中央区安土町二丁目 3 番 13 号 大阪国際ビルディング 8 階 808 号室	JPY388,174,629	Provision of electronic information
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
CHT-PCH No. 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 Business
Cornerstone Ventures	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 Business
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	Service Sales
PCHOME CB 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	E-commerce cross-border services
PCHOME CBS Co., Ltd.	2016.08.24	6F., No. 209, Sec. 1, Fuxing S. Rd., Da'an District, Taipei City	29,000	Internet services
PCHOME CB PTE. LTD.	2019.07.25	21 SHAMAH TERRACE SINGAPORE (597573)	USD1,900,000	Internet services
Bibian Co., Ltd.	2019.01.24	東京都港区芝 5-1-12KOWAビル 4 階	JPY180,000,000	E-commerce cross-border services
ECOSMOS PTE. LTD	2020.11.13	135 Cecil Street #10-01 Singapore 069536	USD330,000	Provision of electronic information

Company	Date of Establishment	Address	Paid-in Capital	Primary Business or Products
21st Century Digital Technology Co., Ltd.	2015.10.13	2F-2, No. 163, Section 1, Keelung Road, Xinyi District, Taipei City, Taiwan	553,323	Fintech Services
YunTan Technology Inc.	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 Brokerage
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
Pin Technology Co., Ltd.	2022.01.10	12th Floor, No. 105, Section 2, Dunhua South Road, Daan District, Taipei City 106, Taiwan (R.O.C.)	10,000	Provision of electronic information
FAN7 TOUR CO., LTD	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.)	1,201,000	Fintech Services
21st Financial Digital Technology Co., Ltd. (Cayman)	2022.03.07	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	USD5,116	Holdings
Cherri Tech Inc.	2015.04.01	No. 100, Section 2, Roosevelt Road, Zhongzheng District, Taipei City	21,363	Cash flow information integration business
Japan Cherri KK	2019.07.26	12-8 Nipponbashi Hisamatsucho, Chuo-ku, Tokyo	JPY30,000,000	Cash flow information integration business

3.Information of Directors, Supervisors, and General Managers of the affiliates

December 31, 2022; 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 Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Zu-Hui Gu Representative: Hsin-I Wang	5,405	100%
Linktel Inc.	Chairman Director Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Alice Chang Representative: Wen-Hsuing Tsai Representative: Bruce Chou	6,832	100%
PChome Online International Co., Ltd.(B.V.I.)	Director Director	PChome Online Inc. Representative: Hung-Tze Jan Representative: Alice Chang	122	100%
Rakuya International Info. Co., Ltd.	Chairman Director Director Director Director Director Director Supervisor Supervisor Supervisor	Chinatrust Real Estate Co., Ltd. Representative: Cheng-Chuan Cheng-Yu PChome Online Inc. Representative: Hung-Tze Jan Sinyi Realty Inc. Representative: Shou-Jen Su Representative: Chih-Huan Chen Pacific Realtor Century 21 Representative: Wei-Jie Wang H&B Business Representative: Hsi-Tsong Chen Representative: Li-Ling Yin Hsiao-Chen Wu Shih-Zong Chang Wen-Hsuing Tsai	1,681 3,035 2,581 782 667 2,449 0 0 0	14.70% 26.47% 22.51% 6.82% 5.82% 21.36% 0 0 0
PChomestore Inc.	Chairman Director Director Director Director Supervisor Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Vicky Tseng Representative: Shu-Lin Huang Representative: Cheng-Ching Wei PChome eBay Co., Ltd. Representative: Ying-Hsuan Chao Ming Fang Yu-Yun Tu	0.008 0.004 0 0	44.45% 22.22% 0 0
PChome US Inc.	Chairman Director Director	PChome Online Inc. Hung-Tze Jan Alice Chang (and CEO) Ying-Hsuan Chao (also the COO)	45,800	91.97%
Pi Mobile Technology Inc.	Chairman Director Director	21st Financial Technology Co.,Ltd. (Cayman) Representative: Hung-Tze Jan Representative: Alice Chang Representative: Bruce Chou	43,819	94%

Company	Title	Name or Representative	Shareholding (in thousands of shares)	
			Number of Shares/Capital Contribution	Shareholding Percentage
	Director Director Supervisor	Representative: Allan Chou Representative: Ryan Kuo Tsung-Lun Liao	0	0
PChome (Thailand) Co., Ltd.	Chairman Director Director Director Director	PChome Online Inc. Hung-Tze Jan Alice Chang Wen-Hsiung Tsai Wei-Chih Chen VIPADA UADULYATHAM	13,250	66.25%
PChome Travel Inc.	Chairman 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 Director Director Director Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Alice Chang Representative: Bruce Chou Representative: Vicky Tseng Representative: Jr-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 Markplace Inc. (Cayman)	Director CEO	PChome Holding Inc.(B.V.I.) Representative: Hung-Tze Jan Kevin Tsai	38,335	100%
PChome InterPay Inc.	Chairman Director Director Director Supervisor Supervisor	Pi Mobile Technology Inc. Representative: Hung-Tze Jan Representative: Bruce Chou Representative: Hsieh Meng-Hsun Representative: Allan Chou Representative: Leo Lu Representative: Ying-Hsuan Chao	50,100	100%
Yun Tung Bao International Co., Ltd.	Chairman Director Director Supervisor	Pi Mobile Technology Inc. Representative: Hung-Tze Jan Representative: Alice Chang Representative: Bruce Chou Representative: Fanjie Chuang	300	100%
PChome Express Co.,Ltd.	Chairman Director Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Alice Chang Representative: Li-Ling Chang Representative: Leo Lu	20,000	100%
PCHOME ONLINE INC. (Cayman)	Director	PChome Online International Co., Ltd. Representative: Hung-Tze Jan	10,000	100%
PChome Online (HK) LTD.	Director	PChome Online Inc. (Cayman) Representative: Hung-Tze Jan	5,641	100%
PChome Japan KK	Liquidator	PChome Marketplace Inc. Representative: Hung-Tze Jan	43,500	100%
Ruten Japan KK	Representative	PChome Online Inc. Hung-Lin Lee	34,045	28.49%

Company	Title	Name or Representative	Shareholding (in thousands of shares)	
			Number of Shares/Capital Contribution	Shareholding Percentage
	Director Director Director	Hung-Tze Jan Yun Su		
EC Global Limited	Director	PChome Online Inc. Representative: Hung-Tze Jan	7,495	100%
PChome eBay Co., Ltd.	Chairman Director Director Director Supervisor Supervisor	PChome Online Inc. Hung-Tze Jan Vicky Tseng eBay Marketplaces GmbH Representative: Joo Man Park Representative: Yi-Chang Lin Bruce Chou Johnvianne Kim	27,300 0 0 14,700 0 0	65% 0% 0% 35% 0% 0%
CHT-PCH No. 1 Co., Ltd.	Chairman Director Director Director Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Bruce Chou Representative: Vicky Tseng Chunghwa Telecom Co., Ltd. Representative: Kun-Rong Wu Representative: Yi-Chiao Guo Jing-Mei Lu	20,000 20,000 0	50% 50% 0%
Cornerstone Ventures	Chairman Director Director Director Director Supervisor Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Bruce Chou 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.	Chairman Director Director Director Supervisor Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Lin Yan MITSUI & CO., LTD. Representative: Taiuke Representative: Chia-I Lin Kun-Ju Han Jianxun Huang	6,240 4,160 0 0	60% 40% 0 0
PCHOME CB Co., Ltd.	Chairman Director Director	PChome Online Inc. Representative: Hung-Tze Jan Representative: Yu-Shan Chang Representative: Wei-Lin Lo	14,000	70%
PChome CBS Co., Ltd.	Chairman Director Director Supervisor	PCHOME CB Co., Ltd. Representative: Wei-Lin Lo Representative: Hung-Tze Jan Representative: Chin-Lien Lu Leo Lu	2,900 0	100% 0
PChome Cb Pte. Ltd.	Chairman Director Director	PCHOME CB Co., Ltd. Representative: Wei-Lin Lo Representative: Hung-Tze Jan Representative: Chi Yuhao	190	100%
Bibian Co., Ltd.	Representative Director Representative	PCHOME CB PTE. LTD. Wei-Lin Lo	18,000	100%

Company	Title	Name or Representative	Shareholding (in thousands of shares)	
			Number of Shares/Capital Contribution	Shareholding Percentage
	Director	Hung-Tze Jan		
Ecosmos Pte. Ltd.	Chairman Director Director	PChome eBay Co., Ltd. Representative: Hung-Tze Jan Representative: Vicky Tseng Lin Han Yeong	3,300	100%
21st Financial Technology Co., Ltd.	Chairman	PChome Online Inc. Representative: Hung-Tze Jan	24,139	44%
	Director	Representative: Alice Chang		
	Director	Representative: Bruce Chou CDIB Venture Capital Corporation	4,954	9%
	Director	Representative: Ryan Kuo Ming-Yu Enterprise Co., Ltd.	2,866	5%
	Director Supervisor	Representative: Allan Chou Tsung-Lun Liao	0	0
YunTan Technology Inc.	Chairman	PChome Online Inc. Representative: Hung-Tze Jan	1,262	70%
	Director	Representative: Bruce Chou		
	Director	Xinli Wang	196	11%
	Supervisor	Natalie Su	50	3%
	Supervisor	Leo Lu	0	0
e-Insure Insurance Broker Inc.	Chairman	UNIGEN ENGINEERING CO., LTD. Representative: Wang Xinli	4,500	100%
PChome Data Technology Co., Ltd.	Chairman Director Supervisor	PChome Online Inc. Representative: Hung-Tze Jan Representative: Alice Chang Representative: Bruce Chou	500	100%
Pin Technology Co., Ltd.,	Chairman	PChome Online Inc. Representative: Yu-Shan Chang	850	85%
	Director	Representative: Wong Pak Yuen AIKU Intelligent Technology Co., Ltd.	150	15%
	Director	Representative: Lin Ting Zhen		
	Supervisor	Bruce Chou	0	0
	Supervisor	Li-Han Cheng	0	0
FAN7 TOUR CO., LTD	Chairman Supervisor	21st Century Technology Co., Ltd. Representative: Zhou Yiming Representative: Zhuang Jiebo	600	100%
21st Century Digital Technology Co., Ltd.	Chairman Director Director Director Supervisor	21st Financial Technology Co.,Ltd. (Cayman) Representative: Zhou Yiming Representative: Alice Chang Representative: Ryan Kuo Representative: Bruce Chou Representative: Allan Chou Fanjie Chuang	120,100	100%
21st Financial Technology Co.,Ltd. (Cayman)	Director Director Director Director	21st Financial Technology Co., Ltd. Representative: Hung-Tze Jan Representative: Allan Chou Representative: Dah-Ging KUO Representative: Bruce Chou	51,167	100%

Company	Title	Name or Representative	Shareholding (in thousands of shares)	
			Number of Shares/Capital Contribution	Shareholding Percentage
	Director	Representative: Alice Chang		
Cherri Tech Inc.	Chairman	Fan-Jie Chuang	777	36%
	Director	ADDCN TECHNOLOGY CO., LTD.	100	4.7%
	Director	CDIB Capital Innovation Accelerator Co., Ltd.	350	16.4%
	Supervisor	Representative: YiJun Chen	60	2.8%
Japan Cherri KK		Cherri Tech Inc..	0.6	60%
		AI Holdings, Co.	0.4	40%
	Chairman	Fan-Jie Chuang		
	Director	Tomohiro Komuro		
	Director	Tsung-Lun Liao		
	Supervisor	Hiroyuki Yamamoto		

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 2022 (from January 1, 2022 to December 31, 2022) 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: N/A.

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 (Note1) Release date: September 17, 2021
Categories of privately placed securities (Note2)	Common stock
Date and amount approved at shareholders' meeting (Note3)	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.	The private placement of common stock at this time is priced by choosing the higher of the following two calculations: a. The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. b. The simple average closing price of the common shares 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.
The means of selecting the specified persons. (Note4)	The choice of the candidate is handled according to Article 43 of the Securities Trading Act 6 and related matters. Recruited from qualified strategic investors who can enhance the company's operations and expand the scope of e-commerce operations and enhance the technology, capital or business necessary to enhance the company's competitiveness.
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	October 1, 2021

full	Private Placement (Note 5)	Eligibility Criteria (Note 6)	Subscription quantities	Relationship to the Company	Involvement 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
	CDIB Venture Capital Corporation	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 (Note7)	NT\$106.65 per share			
Discrepancy between the actual subscription price and the reference price(Note7)	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	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. 2. In the fourth quarter of 2011, the company used private equity funds for reinvestment.
Realization of plan benefits	In order to strategically develop and establish a long-term layout for cross-industry ecosystem resource integration, we will enhance the development of financial services, big data, and artificial intelligence technology by introducing investors and leveraging their expertise and resources. Data will be the core driving force for the group's long-term growth and 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. The private placement of corporate bonds which 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 fields adjusts depending on the actual number.

Note 6. Please fill in the persons stipulated in Article 43-6, Paragraph 1, Subparagraph 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

(I)Our affiliates do not trade derivatives.

(II)The Company has no commitments to TPEX yet to be fulfilled.

V. Matters that have significant impact on shareholders' rights or securities prices as set out in Article 36 (3) of Article 36 of the Securities Transaction in the recent year and to the date of publication of the annual report: 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, 2022 and 2021, and the statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2022 and 2021, 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, 2022 and 2021, and its financial performance and its cash flows for the year ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 21, 2023

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, 2022 and 2021
 (Expressed in Thousands of New Taiwan Dollars)

	2022.12.31		2021.12.31		2022.12.31		2021.12.31	
	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS								
Current Assets:								
1100 Cash and cash equivalents (Note (6)(a))	\$ 3,627,636	21	4,728,290	28	2100			
1172 Accounts and notes receivable, net (Note (6)(c))	550,170	3	464,153	3	2130			
1180 Accounts receivable due from related parties, net (Notes (6)(c) and (7))	368,543	2	621,192	4	2170			
1200 Other receivables (Notes (6)(c) and (7))	742,191	5	361,780	2	2200			
1300 Inventories (Note (6)(d))	1,960,700	12	1,734,160	10	2230			
1476 Other current financial assets (Note (8))	418,037	2	170,628	1	2280			
1479 Other current assets, others	83,458	-	150,527	1	2320			
	<u>7,750,735</u>	<u>45</u>	<u>8,230,730</u>	<u>49</u>	<u>2300</u>			
Non-Current Assets:								
1510 Non-current financial assets at fair value through profit or loss (Note (6)(n))	-	-	3,999	-				
1517 Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	618,310	4	653,882	4	2530			
1550 Investments accounted for using equity method (Note (6)(e))	5,578,381	33	4,982,139	29	2570			
1600 Property, plant and equipment (Note (6)(h))	992,571	6	780,187	5	2580			
1755 Right-of-use assets (Note (6)(i))	1,822,966	11	1,961,428	12	2612			
1780 Intangible assets (Note (6)(j))	55,285	-	22,427	-	2670			
1840 Deferred tax assets (Note (6)(p))	56,685	-	53,032	-				
1980 Other non-current financial assets (Note (8))	112,838	1	108,498	1				
1990 Other non-current assets, others	56,030	-	60,357	-				
	<u>9,293,066</u>	<u>55</u>	<u>8,625,949</u>	<u>51</u>				
Total assets	<u>\$ 17,043,801</u>	<u>100</u>	<u>16,856,679</u>	<u>100</u>				
LIABILITIES AND STOCKHOLDERS' EQUITY								
Current Liabilities:								
Short-term borrowings (Note (6)(k))	\$ 700,000	4	200,000	1				
Current contract liabilities (Note (6)(l))	458,376	3	358,993	2				
Accounts and notes payable	3,809,053	23	3,795,729	23				
Other payables	1,305,069	8	1,559,532	9				
Current tax liabilities	78,944	-	286,728	2				
Current lease liabilities (Note (6)(o))	471,614	3	397,514	2				
Long-term liabilities, current portion (Note (6)(m)(n))	1,371,447	8	-	-				
Other current liabilities (Note (6)(l))	50,199	-	71,397	-				
	<u>8,244,702</u>	<u>49</u>	<u>6,669,893</u>	<u>39</u>				
Non-Current liabilities:								
Bonds payable (Note (6)(n))	-	-	1,361,536	8				
Long-term borrowings (Note (6)(m))	925,700	6	323,100	2				
Deferred tax liabilities (Note (6)(p))	6,760	-	1,339	-				
Non-current lease liabilities (Note (6)(o))	1,418,138	8	1,620,103	10				
Long-term accounts payable (Note (6)(f))	65,143	-	549,438	3				
Other non-current liabilities, others	5,390	-	4,540	-				
	<u>2,421,131</u>	<u>14</u>	<u>3,860,056</u>	<u>23</u>				
Total liabilities	<u>10,665,833</u>	<u>63</u>	<u>10,529,949</u>	<u>62</u>				
Equity (Note (6)(q)):								
Share capital:								
Ordinary share	1,281,629	8	1,274,159	8				
Advance receipts for share capital	-	-	10,980	-				
Capital surplus	5,011,096	29	4,692,857	28				
Total retained earnings	148,993	-	243,510	1				
Total other equity interest	146,752	1	182,586	1				
Treasury shares	(210,502)	(1)	(77,362)	-				
	<u>6,377,968</u>	<u>37</u>	<u>6,326,730</u>	<u>38</u>				
Total equity	<u>\$ 17,043,801</u>	<u>100</u>	<u>16,856,679</u>	<u>100</u>				
Total liabilities and equity	<u>\$ 17,043,801</u>	<u>100</u>	<u>16,856,679</u>	<u>100</u>				

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

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

STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		2022		2021	
		Amount	%	Amount	%
4111	Sales revenue	\$ 43,472,515	101	46,880,995	102
4170	Less: Sales returns	576,208	1	762,349	2
	Operating revenue, net (Notes (6)(t) and (7))	42,896,307	100	46,118,646	100
5000	Operating costs (Notes (6)(d) and (7))	38,352,525	89	40,591,421	88
	Gross profit from operations	4,543,782	11	5,527,225	12
	Operating expenses:				
6100	Selling expenses	3,808,874	9	4,234,072	9
6200	Administrative expenses	315,942	1	347,290	1
6300	Research and development expenses	449,578	1	349,968	1
6450	Expected credit loss (Note (6)(c))	611	-	481	-
	Total operating expenses	4,575,005	11	4,931,811	11
	Net operating (loss) income	(31,223)	-	595,414	1
	Non-operating income and expenses (Note (6)(v)):				
7100	Interest income	17,772	-	5,132	-
7010	Other income	23,874	-	37,240	-
7020	Other gains and losses	(1,045)	-	(4,837)	-
7050	Finance costs	(47,167)	-	(40,555)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	69,461	-	(273,246)	(1)
	Total non-operating income and expenses	62,895	-	(276,266)	(1)
	Profit from continuing operations before tax	31,672	-	319,148	-
7950	Less: Tax expense (Note (6)(p))	84,466	-	221,706	-
	(Loss) Profit	(52,794)	-	97,442	-
	Other comprehensive (loss) income:				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	26,036	-	(2,564)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(73,124)	-	126,085	-
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	27,538	-	(489)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(p))	(5,207)	-	513	-
	Items that may not be reclassified subsequently to profit or loss	(24,757)	-	123,545	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign statements	3,162	-	104,565	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Items that may be reclassified subsequently to profit or loss	3,162	-	104,565	-
	Other comprehensive (loss) income, net of tax	(21,595)	-	228,110	-
8500	Total comprehensive (loss) income	\$ (74,389)	-	325,552	-
	Earnings per share (Note (6)(s))				
9750	Basic earnings per share (NT dollars)	\$ (0.42)		0.84	
9850	Diluted earnings per share (NT dollars)			0.80	

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

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

PCHOME ONLINE INC.

STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021
(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	Unearned Employee Compensation	Treasury shares	
Balance at January 1, 2021	\$ 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 certificates of bonds-to-share	-	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	-	-	-	-	-	16,146	30,892	59,292
Balance at December 31, 2021	1,274,159	10,980	4,692,857	44,623	40,168	158,719	(12,414)	202,896	(7,896)	(77,362)	6,326,730
Profit for the year ended December 31, 2022	-	-	-	-	-	(52,794)	-	-	-	-	(52,794)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	22,094	3,162	(46,851)	-	-	(21,595)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	(30,700)	3,162	(46,851)	-	-	(74,389)
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	9,490	-	(9,490)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(40,168)	(63,817)	-	-	-	-	(63,817)
Reversal of special reserve	-	-	-	-	-	40,168	-	-	-	-	-
Conversion of convertible bonds	10,980	(10,980)	-	-	-	-	-	-	-	-	-
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(133,140)	(133,140)
Changes in ownership interests in subsidiaries	(3,510)	-	318,029	-	-	-	-	-	-	-	318,029
Share-based payment transactions	-	-	210	-	-	-	-	-	7,855	-	4,555
Balance at December 31, 2022	\$ 1,281,629	-	5,011,096	54,113	-	94,880	(9,252)	156,045	(41)	(210,502)	6,377,968

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

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

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 31,672	319,148
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	606,198	577,360
Amortization expense	30,668	22,642
Expected credit loss	611	481
Net loss (gain) on financial assets at fair value through profit or loss	3,999	(2,499)
Interest expense	47,167	40,555
Interest income	(17,772)	(5,132)
Dividend income	(14,522)	(15,467)
Share-based payments	4,555	28,176
Share of (profit) loss of associates and joint ventures accounted for using equity method	(69,461)	273,246
Gain on disposal of property, plant and equipment	(2,271)	(36)
Gain on disposal of investments	(111)	-
(Gain) loss on lease modification	(49)	6,005
Total adjustments to reconcile profit	<u>589,012</u>	<u>925,331</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts and notes receivable	166,021	(423,037)
Other receivables	(28,888)	(91,633)
Inventories	(226,540)	40,364
Other financial assets	(251,784)	(110,069)
Other current assets	66,070	(43,561)
Total changes in operating assets	<u>(275,121)</u>	<u>(627,936)</u>
Changes in operating liabilities:		
Contract liabilities	99,382	(37,622)
Accounts and notes payable	13,324	40,586
Other payable	(44,472)	275,621
Other current liabilities	(21,197)	(23,940)
Other non-current liabilities	850	90
Total changes in operating liabilities	<u>47,887</u>	<u>254,735</u>
Total changes in operating assets and liabilities	<u>(227,234)</u>	<u>(373,201)</u>
Total adjustments	<u>361,778</u>	<u>552,130</u>
Cash flow generated from operations	393,450	871,278
Interest received	16,248	5,073
Dividends received	14,522	15,467
Interest paid	(35,348)	(29,728)
Income taxes paid	(295,688)	(6,726)
Net cash flows from operating activities	<u>93,184</u>	<u>855,364</u>
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(37,552)	(279,372)
Acquisition of investments accounted for using equity method	(960,006)	(1,161,290)
Proceeds from disposal of investments accounted for using equity method	83,173	-
Proceeds from disposal of subsidiaries	11,520	-
Proceeds from capital reduction of investments accounted for using equity method	-	125,327
Acquisition of property, plant and equipment	(356,423)	(522,646)
Proceeds from disposal of property, plant and equipment	4,004	4,021
Increase in other receivables due from related parties	(350,000)	-
Acquisition of intangible assets	(18,271)	(6,732)
Other non-current assets	(19,381)	(1,685)
Net cash flows used in investing activities	<u>(1,642,936)</u>	<u>(1,842,377)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	500,000	200,000
Long-term borrowings	843,300	623,100
Repayments of long-term borrowings	(240,700)	(300,000)
Payment of lease liabilities	(456,545)	(432,009)
Cash dividends paid	(63,817)	(153,737)
Capital increase by cash	-	1,000,000
Payments to acquire treasury shares	-	(108,254)
Treasury shares sold to employees	(133,140)	30,892
Net cash flows from (used in) financing activities	<u>449,098</u>	<u>859,992</u>
Net (decrease) increase in cash and cash equivalents	<u>(1,100,654)</u>	<u>(127,021)</u>
Cash and cash equivalents at beginning of period	<u>4,728,290</u>	<u>4,855,311</u>
Cash and cash equivalents at end of period	<u>\$ 3,627,636</u>	<u>4,728,290</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(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 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 21, 2023.

(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, 2022:

- 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"

- (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, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in, 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 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”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(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.

(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 instruments 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) Hedging financial instruments are measured at fair value.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
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(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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in, Unless Otherwise Specified)

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.

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.

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PCHOME ONLINE INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in, Unless Otherwise Specified)

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.

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.

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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.

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).

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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.

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.

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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 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.

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.

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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 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.

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.

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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.

(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.

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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.

(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.

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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
- 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.

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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.

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'.

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(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.

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.

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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.

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.

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(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.

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.

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(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.

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.

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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.

(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.

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(6) Summary of Major Accounts

(a) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	\$ 368	368
Checking accounts	49,120	40,506
Savings accounts	2,645,517	4,141,705
Foreign currency deposits	91,199	11,360
Time deposits	841,000	534,000
Cash equivalents	432	351
Cash and cash equivalents	\$ 3,627,636	4,728,290

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

	2022.12.31	2021.12.31
Equity instruments at fair value through other comprehensive income		
Stocks unlisted on domestic and foreign markets	\$ 618,310	645,546
Foreign convertible bonds	-	8,336
Total	\$ 618,310	653,882

- 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.
- 2.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.
- 3.For the market price risk, please refer to Note (6)(w); for the credit risk and market risk, please refer to Note (6)(x).
- 4.Abovementioned financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral.

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(c) Notes and accounts receivable and other receivables, net

	2022.12.31	2021.12.31
Notes receivable-measured as amortized cost	\$ 2	250
Trade receivable-measured as amortized cost	919,828	1,085,601
Other receivables-measured as amortized cost	734,038	360,389
Lease receivable	8,153	1,391
Less: Allowance for losses	(1,117)	(506)
	\$ 1,660,904	1,447,125

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:

	2022.12.31		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	1,654,793	0.005%	7
Past under 180 days	\$ 5,791	10%	579
Over 181 days past due	1,437	25%~100%	531
	\$ 1,662,021		1,117
	2021.12.31		
	Gross carrying amount	Weighted-average	Loss allowance provision
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
	\$ 1,447,631		506

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

	2022	2021
Balance at January 1	\$ 506	700
Impairment losses recognized	611	481
Amounts written off	-	(675)
Balance at December 31	\$ 1,117	506

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(d) Inventories

	2022.12.31	2021.12.31
Merchandise inventories	\$ 1,977,322	1,739,760
Less: Allowance for inventory valuation and obsolescence losses	(16,622)	(5,600)
	\$ 1,960,700	1,734,160

The details of operating cost were as follows:

	2022	2021
Cost of goods sold	\$ 38,337,359	40,589,501
Provision for inventory market price decline and obsolescence(Gain from price recovery of inventory)	11,022	(7,846)
Loss on physical inventory	2,276	3,663
Loss on disposal of scrap	1,868	6,103
	\$ 38,352,525	40,591,421

The allowance for inventory valuation and obsolescence loss was due to the decline of inventory to net realizable value or obsolescence, which was recognized as cost of goods sold. However, its reversal was due to the disappearance of the inventories abandoned that resulted in net realizable value which was lower than the costs, and the increase in net realizable value was due to the decrease of the operation costs.

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, 2022.

As of December 31, 2022 and 2021, 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:

	2022.12.31	2021.12.31
Subsidiaries	\$ 5,306,530	4,942,607
Associates	271,851	39,532
	\$ 5,578,381	4,982,139

1.Subsidiaries

Please refer to the consolidated financial report for the year ended December 31, 2022.

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2. Associates

Affiliates to the Company consisted of the followings :

Name of Affiliates	Nature of Relationship with The Company	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights	
			2022.12.31	2021.12.31
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 %	28.49 %
UPN Information Co., Ltd.	Investment activities	Cayman islands	40.00 %	- %

The Company acquired 40% shares of UPN Information Co., Ltd. with \$226,000 thousand in cash in August 2022. As of December 31, 2022, \$144,760 thousand had not been paid for the related cash acquisition, which was recognized as other payable of \$79,617 thousand and long-term payables of \$65,143 thousand.

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) On August 3, 2022, the Company has completed the dissolution and the liquidation procedures of RUTEN GLOBAL INC., and the Company directly gained control of PCHOME EBAY CO., LTD..

4. Collateral

As of December 31, 2022 and 2021, the Company did not provide any investment accounted for using equity method as collateral.

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(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		<u>(33)</u>
The fair value of identifiable net assets	\$	<u><u>56,413</u></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>
	\$	<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, 2022, the amount of \$265,282 thousand was not paid for the related cash acquisition, which was recorded as other payables.

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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.

21st Century Technology Co., Ltd. increased capital in 2022, resulting in the decrease in the Company's shareholding ratio from 47.56% to 43.63%.

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>

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>

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

3. Cherri Tech Inc.

- 1) In order to strengthen the Group's layout in financial services, and enhance the competitiveness and business advantages of the Company and Cherri Tech Inc. in line with the Group's development strategy, the resources of both parties had been integrated based on the resolution approved during the board meeting held on April 12, 2022, wherein the Group acquired 20.82% shares of Cherri Tech Inc. at the amount of \$524,788 thousand in cash on April 27, 2022, as well as 59.26% shares of Cherri Tech Inc. at the amount of \$269,908 thousand in cash and 3,238 thousand newly issued shares of 21st Century Technology Co., Ltd. on July 29, 2022, resulting in the Group to gain control over Cherri Tech Inc.

The amount of \$359,990 thousand for the related cash acquisition has yet to be paid as of December 31, 2022, resulting in the recognition of other payables amounting to \$190,521 thousand and long-term payables amounting to \$169,469 thousand.

On September 14, 2022, 21st Century Technology Co., Ltd. conducted a share swap by exchanging 927 thousand of its newly issued shares and paying the amount of \$138,175 thousand in cash, resulting in an increase in its shareholding ratio from 80.08% to 100.00%.

- 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	\$	96,350
Accounts receivable		21,837
Other receivables		11,778
Other current assets		3,381
Property, plant and equipment		2,422
Right-of-use assets		6,301
Intangible assets		227,635
Other non-current assets		2,353
Accounts payable		(73)
Other payables		(35,180)
Lease liabilities		(6,322)
Other current liabilities		(665)
Guarantee deposit received		(195)
The fair value of identifiable net assets	\$	<u>329,622</u>

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The Company will continue to review the above matters during the measurement period. 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)	\$	794,696
Consideration transferred (equity of 21st Century Technology Inc.)		949,388
Non-controlling interest (measured by proportionate share of the fair value of the identifiable net assets)		68,011
Less: fair value of identifiable net assets		<u>(329,622)</u>
Goodwill	\$	<u><u>1,482,473</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

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).

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021, were as follows:

	Furniture and office equipment	Leasehold improvements	Leased assets	Testing equipment	Total
Cost:					
Balance at January 1, 2022	\$ 857,251	449,976	6,507	440,768	1,754,502
Additions	70,576	15,535	-	271,333	357,444
Transfer from prepayments for business facilities	-	4,297	-	(8,581)	(4,284)
Obsolescence	(4,245)	-	-	-	(4,245)
Disposals	(856)	(97,765)	-	-	(98,621)
Balance at December 31, 2022	<u>\$ 922,726</u>	<u>372,043</u>	<u>6,507</u>	<u>703,520</u>	<u>2,004,796</u>

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	Furniture and office equipment	Leasehold improvements	Leased assets	Testing equipment	Total
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>
Depreciation and impairment loss:					
Balance at January 1, 2022	\$ 634,163	334,892	5,260	-	974,315
Depreciation for the year	105,604	32,192	1,247	-	139,043
Obsolescence	(4,235)	-	-	-	(4,235)
Disposals	(539)	(96,359)	-	-	(96,898)
Balance at December 31, 2022	<u>\$ 734,993</u>	<u>270,725</u>	<u>6,507</u>	<u>-</u>	<u>1,012,225</u>
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
Obsolescence	3,264	-	(3,264)	-	-
Disposals	(46,813)	(973)	-	-	(47,786)
Effect of movements in exchange rates	(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>
Carrying amounts:					
At December 31, 2022	<u>\$ 187,733</u>	<u>101,318</u>	<u>-</u>	<u>703,520</u>	<u>992,571</u>
At December 31, 2021	<u>\$ 223,088</u>	<u>115,084</u>	<u>1,247</u>	<u>440,768</u>	<u>780,187</u>

The Company purchased relevant equipment for operation in 2022, for relevant significant contracts please refer to Note (9)(f). As of December 31, 2022 and 2021, the property, plant and equipment were not pledged as collateral.

(i) Right-of-use assets

The cost and depreciation of the right-of-use assets of the Company for the years ended December 31, 2022 and 2021, were as follows:

	Buildings	Machinery and equipment	Transportation equipment	Total
Cost:				
Balance as of January 1, 2022	\$ 3,210,208	-	6,256	3,216,464
Additions	297,801	44,228	-	342,029
Decrease	(200,900)	-	(4,242)	(205,142)
Balance as of December 31, 2022	<u>\$ 3,307,109</u>	<u>44,228</u>	<u>2,014</u>	<u>3,353,351</u>

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	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Balance as of January 1, 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>
Accumulated depreciation:				
Balance as of January 1, 2022	\$ 1,254,333	-	703	1,255,036
Depreciation for the year	454,976	11,057	1,122	467,155
Other decrease	(190,568)	-	(1,238)	(191,806)
Balance as of December 31, 2022	<u>\$ 1,518,741</u>	<u>11,057</u>	<u>587</u>	<u>1,530,385</u>
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>
Carrying amount:				
Balance as of December 31, 2022	<u>\$ 1,788,368</u>	<u>33,171</u>	<u>1,427</u>	<u>1,822,966</u>
Balance as of December 31, 2021	<u>\$ 1,955,875</u>	<u>-</u>	<u>5,553</u>	<u>1,961,428</u>

(j) Intangible assets

The costs and amortization and impairment loss of intangible assets of the Company for the years ended December 31, 2022 and 2021, were as follows:

	<u>Software</u>
Cost:	
Balance at January 1, 2022	\$ 166,056
Acquired separately	16,928
Transfer from prepayments	46,598
Disposal and obsolescence	(3,076)
Balance at December 31, 2022	<u>\$ 226,506</u>
Balance at January 1, 2021	\$ 163,008
Acquired separately	8,043
Disposal and obsolescence	2,906
Effect on movements in exchange rates	(7,901)
Balance at December 31, 2021	<u>\$ 166,056</u>

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	Software
Amortization and impairment losses:	
Balance at January 1, 2022	\$ 143,629
Amortization for the year	30,668
Disposal and obsolescence	(3,076)
Balance at December 31, 2022	<u><u>\$ 171,221</u></u>
Balance at January 1, 2021	\$ 128,888
Amortization for the year	22,642
Disposal and obsolescence	(7,901)
Balance at December 31, 2021	<u><u>\$ 143,629</u></u>
Carrying amounts:	
Balance at December 31, 2022	<u><u>\$ 55,285</u></u>
Balance at December 31, 2021	<u><u>\$ 22,427</u></u>

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

	2022	2021
Operating costs	<u><u>\$ 101</u></u>	<u><u>265</u></u>
Operating expenses	<u><u>\$ 30,567</u></u>	<u><u>22,377</u></u>

(k) Short-term borrowings

	2022.12.31	2021.12.31
Unsecured bank loans	<u><u>\$ 700,000</u></u>	<u><u>200,000</u></u>
Unused short-term credit line	<u><u>\$ 2,897,000</u></u>	<u><u>3,830,000</u></u>
Range of interest rates	<u><u>1.75%~2.05%</u></u>	<u><u>1.1%</u></u>

(l) Current contract liabilities, Other current liabilities and Current refund liabilities

	2022.12.31	2021.12.31
Current contract liabilities	\$ 458,376	358,993
Receipts under custody online payment processing service mainly	10,467	10,931
Current refund liabilities	32,636	37,297
Others	7,096	23,169
	<u><u>\$ 508,575</u></u>	<u><u>430,390</u></u>

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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:

2022.12.31				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.32%~1.95%	2023~2028	\$ 805,800
Secured bank loans	TWD	1.38%	2028	119,900
Less: current portion				-
Total				\$ 925,700
Unused long-term credit lines				\$ 2,422,300
2021.12.31				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	0.70%	2028	\$ 217,400
Secured bank loans	TWD	0.75%	2028	105,700
Less: current portion				-
Total				\$ 323,100
Unused long-term credit lines				\$ 2,324,900

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:

	2022.12.31	2021.12.31
Total convertible corporate bonds issued	\$ 1,500,000	1,500,000
Unamortized discounted corporate bonds payable	(7,553)	(17,464)
Cumulative converted amount	(121,000)	(121,000)
Balance of corporate bonds issued	\$ 1,371,447	1,361,536
Embedded derivative – call options, included in financial assets at fair value through profit or loss	\$ -	3,999
Equity component – conversion options, included in capital surplus—stock options	\$ 129,737	129,737

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

	2022	2021
Embedded derivative instruments – call options, included in other gains and losses	\$ (3,999)	2,499
Interest expense	\$ 9,911	10,630

The amount of bonds payable was \$1,371,447 thousand, and the duration of the bonds payable is less than one year, amounted for one year or recognized as the long-term debt with one operating cycle.

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>2022.12.31</u>	<u>2021.12.31</u>
Current	\$ <u>471,614</u>	<u>397,514</u>
Non-current	\$ <u>1,418,138</u>	<u>1,620,103</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>24,360</u>	<u>26,545</u>
Expenses relating to short-term leases	\$ <u>36,273</u>	<u>37,724</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>3,563</u>	<u>1,686</u>

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

	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>520,741</u>	<u>497,964</u>

As of December 31, 2022 and 2021, the Company leases buildings for its office space and warehouses. The leases of office space typically run of a period for 3 years, and of warehouses for 5 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:

	2022	2021
Current income tax expense:		
Current period	\$ 88,705	247,365
Adjustment for prior periods	(800)	(15,154)
	87,905	232,211
Deferred tax expense:		
Origination and reversal of temporary differences	(3,439)	(10,505)
Income tax expense	\$ 84,466	221,706

Income tax benefit recognized in other comprehensive income:

	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement from defined benefit plans	\$ (5,207)	513

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

	2022	2021
Profit excluding income tax	\$ 31,672	319,148
Income tax using the Company's domestic tax rate	6,334	63,830
Permanent differences-the share of loss (gain) of domestic subsidiaries, etc.	(49,798)	23,368
Change in temporary differences	40,025	-
Over provision in prior periods	(800)	(15,154)
Income basic tax	88,705	149,662
Total	\$ 84,466	221,706

2. Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	2022.12.31	2021.12.31
Tax losses	\$ 40,025	-

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.

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As of December 31, 2022, the Company 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>
2022	\$ <u><u>200,127</u></u>	2032

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 are as follows:

	<u>Defined Benefit Plans</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Liabilities:			
Balance at January 1, 2022	\$ 1,339	-	1,339
Debited (Credited) Income statement	214	-	214
Debit (Credited) Other Comprehensive Income	<u>5,207</u>	<u>-</u>	<u>5,207</u>
Balance at December 31, 2022	<u>\$ 6,760</u>	<u>-</u>	<u>6,760</u>
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>
Deferred Tax Assets:			
Balance at January 1, 2022	\$ 32,520	20,512	53,032
(Debited) Credited Income statement	<u>(1,307)</u>	<u>4,960</u>	<u>3,653</u>
Balance at December 31, 2022	<u>\$ 31,213</u>	<u>25,472</u>	<u>56,685</u>
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>

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

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(q) Capital and other equity

As of December 31, 2022 and 2021, the total value of nominal ordinary shares amounted to \$2,000,000 thousand. The face value of each share is \$10. There were 128,163 thousand and 127,416 thousand of ordinary shares issued (including the issuance of the employee restricted shares amounted to 529 thousand and 880 thousand shares for 2022 and 2021, 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 thousand of ordinary 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>2022.12.31</u>	<u>2021.12.31</u>
Share capital	\$ 2,600,396	2,600,396
Conversion premium	119,798	119,798
Difference between consideration and carrying amount of subsidiaries acquired or disposed	1,714,997	1,714,997
Changes in equity of subsidiaries	410,517	92,488
Changes in equity of investment in associates and joint ventures accounted for using the equity method	3,934	3,934
Issuance of convertible bonds	129,737	129,737
Share based payment transactions—employee restricted shares	29,579	29,369
Share based payment transactions—treasury stock	<u>2,138</u>	<u>2,138</u>
	<u>\$ 5,011,096</u>	<u>4,692,857</u>

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

2. Retained earnings

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

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

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

1) Legal reserve

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

2) Special reserve

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

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3) Earnings distribution

The amount of cash dividends of appropriations of earnings for 2021 that had been approved in the meeting of the board of directors on March 23, 2022 was \$63,817 thousand. The amount of cash dividends of appropriations of earnings for 2120 that had been approved in the meeting of the shareholders' meeting on March 16, 2021 was \$153,737 thousand. Relevant information would be available at the Market Observation Post System website.

3. Treasury shares

On March 16, 2021, the Board of Directors of the Company resolved to repurchase its ordinary shares from the centralized securities exchange market, in order to transfer to employees, at price between \$60 and \$110 per share, in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of December 31, 2022, 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.

On May 11, 2022, 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 \$70 and \$125 per share, in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of December 31, 2022, a total of 1,900 thousand shares have been bought back at a cost of \$133,140 thousand. The cost does not exceed the upper limit amount \$286,781 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, 2022	\$ (12,414)	202,896	(7,896)
Exchange differences on foreign operations	3,162	-	-
Unrealized gain from financial assets measured at fair value through other comprehensive income	-	(46,851)	-
Share based payment transactions	-	-	7,855
Balance at December 31, 2022	<u>\$ (9,252)</u>	<u>156,045</u>	<u>(41)</u>

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	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>

(r) Share-based payment

The Company had two shared-based payment arrangements as follows as of December 31, 2022.

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, 2022, 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 571 thousand shares. The relevant statutory registration procedures have been completed.

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2. Share-based payment transactions

	Equity-settled	
	Treasury stocks transferred to employees	Treasury stocks transferred to employees
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

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:

	Treasury stocks transferred to employees	Treasury stocks transferred to employees
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)	
	2022	2021
	Numbers of options	Numbers of options
Balance, beginning of January 1	-	-
Options granted	-	351
Options exercised	-	(351)
Options expired	-	-
Balance, 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, 2022 and 2021, were as follows:

	2022	2021
Salary expenses	\$ 4,555	28,176

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(s) Earnings per share

The Company calculated the basic and diluted EPS as follows:

1. Basic earnings per share (NT dollars)

	2022	2021
Profit attributable to common stockholders of the Company	<u>\$ (52,794)</u>	<u>97,442</u>
Weighted-average number of ordinary shares	<u>126,353</u>	<u>116,588</u>
Basic earnings per share (NT dollars)	<u>\$ (0.42)</u>	<u>0.84</u>

2. Diluted earnings per share (NT dollars)

	2021
Profit attributable to common stockholders of the Company	<u>\$ 97,442</u>
Interest expense on convertible bonds, net of tax	<u>6,505</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>103,947</u>
Weighted-average number of ordinary shares (basic)	116,588
Unvested employee restricted shares	969
Influence of conversion of convertible bonds	12,801
Influence of employee stock rewards	<u>231</u>
Weighted-average number of ordinary shares (diluted)	<u>130,589</u>
Diluted earnings per share (NT Dollar)	<u>\$ 0.80</u>

Due to the net loss after tax of the company in 2022, when calculating the potential items of diluted earnings per share, it will have an anti-dilutive effect. Therefore the diluted earnings per share is excluded.

(t) Revenue from contracts with customers

	2022	2021
Revenue of electronic commerce	<u>\$ 42,896,307</u>	<u>46,118,646</u>

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

For details on contract liabilities, please refer to Note (6)(l).

The amount of revenue recognized in the year ended December 31, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were \$358,993 thousand and \$396,615 thousand, respectively.

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(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, 2022 and 2021, the Company estimated its employee remuneration amounting to \$2,352 thousand and \$23,702 thousand, and directors' and supervisors' remuneration amounting to \$264 thousand and \$2,660 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, 2021, there is no difference between the estimated employees' and directors' remuneration which was stated in the financial statements.

(v) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 11,394	4,749
Other interest income		
Interest income on lease receivable	59	38
Others	<u>6,319</u>	<u>345</u>
Total Interest income	<u>\$ 17,772</u>	<u>5,132</u>

2. Other income

The details of other income were as follows:

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 14,522	15,467
Others	<u>9,352</u>	<u>21,773</u>
Total other income	<u>\$ 23,874</u>	<u>37,240</u>

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3. Other gains and losses, net

The details of other gains and losses were as follows:

	2022	2021
Gains on disposal of property, plant and equipment	\$ 2,271	-
Gains on disposal of investments	111	-
Gains (Losses) on lease modification	49	(6,005)
Foreign currency exchange gains (losses)	2,388	(1,058)
(Losses) gain on current financial assets at fair value through profit or loss	(3,999)	2,499
Others	(1,865)	(273)
Other gains and losses, net	\$ (1,045)	(4,837)

4. Finance costs

The details of finance cost were as follows:

	2022	2021
Interest expense	\$ 47,167	40,555

(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, 2022 and 2021, the maximum exposure to credit risk amounted to \$6,437,725 thousand and \$7,112,422 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
Balance at December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	\$ 700,000	700,000	700,000	-	-	-	-
Accounts and notes payable	3,809,053	3,809,053	3,809,053	-	-	-	-
Other payables	1,305,069	1,305,069	1,225,615	79,454	-	-	-
Receipts under custody	10,467	10,467	10,467	-	-	-	-
Lease liability	1,889,752	1,889,752	240,562	231,052	410,831	711,376	295,931
Bonds payable	1,371,447	1,379,000	-	1,379,000	-	-	-
Long-term borrowings	925,700	925,700	-	700,000	-	-	225,700
Long-term payables	65,143	65,143	-	-	65,143	-	-
	\$ 10,076,631	10,084,184	5,985,697	2,389,506	475,974	711,376	521,631

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
Balance at December 31, 2021							
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	-	-	-
Receipts under custody	10,931	10,931	10,931	-	-	-	-
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>\$ 9,817,883</u>	<u>9,835,347</u>	<u>5,755,457</u>	<u>208,249</u>	<u>2,308,075</u>	<u>1,223,778</u>	<u>339,788</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:

	<u>2022.12.31</u>			<u>2021.12.31</u>		
	<u>Foreign currency (thousands of dollars)</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency (thousands of dollars)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 1,976	30.73	60,723	31	27.67	846
JPY	45,250	0.23	10,493	31,795	0.24	7,640
SGD	786	22.86	17,975	-	-	-

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, JPY and SGD as of December 31, 2022 and 2021, would have increased or decreased net income by \$3,568 thousand and \$339 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, 2022 and 2021.

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, 2022 and 2021, the foreign exchange gain (loss) (include realized and unrealized) were gain \$2,388 thousand and loss \$1,058 thousand in 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowings and deposits at variable rates.

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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 \$1,489 thousand and \$3,322 thousand for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, 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:

Prices of securities at the reporting date	2022		2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	\$ 4,946	-	5,164	-
Decreasing 1%	(4,946)	-	(5,164)	-

6. Fair value of financial instruments

1) Fair value hierarchy

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

	2022.12.31				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Fair value through other comprehensive income					
Domestic and foreign stock of non-listed company	\$ 618,310	-	-	618,310	618,310
	2021.12.31				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Fair value through profit or loss					
Embedded derivative-call options	\$ 3,999	-	-	3,999	3,999

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	2021.12.31				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Fair value through other comprehensive income					
Domestic stock of non-listed company	\$ 645,546	-	-	645,546	645,546
Foreign convertible bonds	8,336	-	-	8,336	8,336
	<u>\$ 653,882</u>	<u>-</u>	<u>-</u>	<u>653,882</u>	<u>653,882</u>

2) Valuation techniques for financial instruments measured at fair value

The financial instruments held by the Company 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 earnings 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.

3) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income
Opening balance, January 1, 2022	\$ 3,999	653,882
Total gains and losses recognized:		
In profit or loss	(3,999)	-
In other comprehensive income	-	(73,124)
Purchasing	-	37,552
Ending Balance, December 31, 2022	<u>\$ -</u>	<u>618,310</u>
Opening balance, January 1, 2021	\$ 1,500	248,425
Total gains and losses recognized:		
In profit or loss	2,499	-
In other comprehensive income	-	126,085
Purchasing	-	279,372
Ending Balance, December 31, 2021	<u>\$ 3,999</u>	<u>653,882</u>

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For the years ended December 31, 2022 and 2021, 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:

	<u>2022</u>	<u>2021</u>
Total gains and losses recognized:		
In profit or loss, and including “other gains and losses”	\$ (3,999)	2,499
In other comprehensive income, and including “unrealized gains and losses from fair value through other comprehensive income”	(73,124)	126,085

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 (December 31, 2022 and 2021 were 49.21% and 53.46%, respectively)	·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 (December 31, 2022 and 2021 were 0.73~9.34 and 1.32~9.48, respectively) ·Liquidity discounted rate (December 31, 2022 and 2021 were 8.85%~30.00% and 14.47%~30.00%, respectively)	·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 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:

	Input	Variation	Profit or loss		Other comprehensive income	
			Favor-able	Unfavor-able	Favor-able	Unfavor-able
December 31, 2022						
Financial assets at fair value through profit or loss						
Embedded derivative - call options	Volatility	5%	\$ -	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	\$ -	-	22,541	(22,544)
"	Liquidity discounted rate	5%	\$ -	-	36,131	(35,879)
December 31, 2021						
Financial assets at fair value through profit or loss						
Embedded derivative - call options	Volatility	5%	\$ 200	(200)	-	-
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)

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.

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2. Risk management framework

The Chief Executive Officer'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.

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 Chief Executive Officer'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.

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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 business department. 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 Chief Executive Officer'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).

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.

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(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, 2022 and 2021, 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, 2022	Cash flows	Non-cash changes	December 31, 2022
			Others	
Long-term borrowings	\$ 323,100	602,600	-	925,700
Short-term borrowings	200,000	500,000	-	700,000
Lease liabilities	2,017,617	(456,545)	328,680	1,889,752
Bonds payable	1,361,536	-	9,911	1,371,447
Total liabilities from financing activities	<u>\$ 3,902,253</u>	<u>646,055</u>	<u>338,591</u>	<u>4,886,899</u>

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2022
			Others	
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>

(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.

<u>Name of related party</u>	<u>Relationship with the Company</u>
PChome Store Inc.	Subsidiary of the Company
Linktel Inc.	"
IT Home Publications Inc.	"
PCHOME US INC.	"
PC HOME ONLINE INTERNATIONAL CO., LTD.	"

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Name of related party	Relationship with the Company
ECOMMERCE GROUP CO., LTD. (Note 1)	Subsidiary of the Company
Pi Mobile Technology Inc.	"
PChome (Thailand) Co., Ltd.	"
PChome Travel Inc.	"
PChome Financial Technology Inc.	"
Pay and Link Inc.	"
RUTEN GLOBAL INC. (Note 2)	"
ECOSMOS PTE. LTD.	"
PChome eBay Co., Ltd	"
EC Global Limited	"
PChome Express Co., Ltd.	"
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 CB PTE. LTD.	"
YunTan technology Inc.	"
Einsure Insurance Broker Inc.	"
PChome Data Technology Co., Ltd.	"
PIN Technology Inc.	"
21st Century Technology Co., Ltd.	"
FAN7 TOUR CO., LTD.	"
PChome Bibian Inc.	"
21st Century Digital Technology Co., Ltd.	"
Rakuya International Info. Co. Ltd.	Associate of the Company
Ruten Japan KK	"

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Name of related party	Relationship with the Company
SHANG-EN IFO CO., LTD.	Associate of the Company
UPN Information Co., Ltd.	"
Eastern Online Co., Ltd.	Other related party
Eolembrain Online Marketing Research Co., Ltd.	"
SITE INC.	"
Miho International Cosmetic Co., Ltd.	"
PayEasy Digital International Co., Ltd.	"

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

Note 2: The subsidiary has completed the dissolution and liquidation procedures on August 3, 2022.

(c) Related-party transactions

1. Operating revenue

Operating revenues of the Company from the related parties were as follows:

	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 55,748	60,804
Associates	-	286
	<u>\$ 55,748</u>	<u>61,090</u>

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:

	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 151,739	56,273
Other related parties	21	483
Subtotal	<u>\$ 151,760</u>	<u>56,756</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

<u>Item</u>	<u>Related party categories</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Accounts receivable (Note 1)	Pi Mobile Technology Inc.	\$ 357,511	615,449
Accounts receivable	Subsidiaries	11,032	5,743
Lease receivable	Associates	8,153	1,391
Other receivables	Subsidiaries	10,584	4,980
Other receivables	Associates	86	31
Other receivables	Other related parties	-	12
Other receivables (Note 2)	Other related parties	<u>39,563</u>	<u>22,249</u>
		<u>\$ 426,929</u>	<u>649,855</u>

Note 1: Collections arising from mobile payment services.

Note 2: For the years ended December 31, 2022 and 2021, the collections and payments generated by exchanging points of the Company amounted to \$106,678 thousand and \$121,527 thousand, respectively. As of December 31, 2022 and 2021, the carrying amount \$39,563 thousand and \$22,249 thousand was recognized under other receivables, respectively.

4.Payables to related parties

Payables of the Company from related parties were as follows:

<u>Item</u>	<u>Related party categories</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Accounts payable	Subsidiaries	\$ 18,833	6,049
Other payables	Subsidiaries	99,751	152,818
Other payables	Other related parties	<u>419</u>	<u>459</u>
		<u>\$ 119,003</u>	<u>159,326</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>2022</u>		<u>2021</u>	
	<u>Disposal price</u>	<u>Gain (loss) from disposal</u>	<u>Disposal price</u>	<u>Gain (loss) from disposal</u>
Subsidiaries	<u>\$ 68</u>	<u>57</u>	<u>55</u>	<u>36</u>

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6. Others

- 1) For the years ended December 31, 2022 and 2021, logistics expense, handling fee, promotion expense and others are as follows:

Item	Related party categories	2022	2021
Handling fee	Subsidiaries	\$ 109,437	169,446
Promotion expense	"	83,211	138,603
Logistic expense	"	295,948	253,055
Salary of dispatched personnel	"	12,237	12,810
Labor fee	"	8,881	10,861
Other expense	"	21,784	6,885
Other expense	Associates	209	-
Other expense	Other related parties	2,119	2,469
Subtotal		<u>\$ 533,826</u>	<u>594,129</u>

7. Loans to Related Parties

The loans to related parties were as follows:

	2022.12.31	2021.12.31
Subsidiaries-21st Century Technology Co., Ltd.	\$ 350,000	-
Other related parties-Miho International Cosmetic Co., Ltd.	-	8,500
	<u>\$ 350,000</u>	<u>8,500</u>

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 2022 and 2021, interest revenue from loans receivable from related parties amounted to \$24 thousand and \$116 thousand, respectively.

For 2022, interest revenue from loans receivable from subsidiaries amounted to \$6,012 thousand.

8. Endorsements and guarantees with related parties

As of December 31, 2022, 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 \$10,000 thousand, \$50,000 thousand, \$325,000 thousand, \$347,850 thousand and \$300,000 thousand, respectively. 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., PiMobile Technology Inc. and PChome Store Inc. were \$2,460 thousand, \$300,000 thousand, \$200,000 thousand and \$120,150 thousand, respectively. Other information please refer to Note (13)(a).

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(d) Key management personnel compensation

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	\$ 105,998	96,219

(8) Restricted Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2022.12.31	2021.12.31
Deposit account-current (Other current financial assets)	Security for convertible bonds and purchase guarantee	\$ 418,037	170,628
Refundable deposit (Other non-current financial assets)	Security for provisional seizure, etc. and deposits for office rental	112,838	108,498
		\$ 530,875	279,126

(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, 2022 and 2021, notes payable deposited as guarantee for commercial vehicle and office and building leases are \$299,666 thousand and \$247,221, respectively.
- (c) As of December 31, 2022 and 2021, 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 \$1,527,383 thousand and \$1,574,383 thousand, respectively.
- (d) The Company will rent 15 warehouse units located in The Post Logistic Center, Post Logic Park from Chunghwa Post Co., Ltd. in February, 2023 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, 2022 and 2021, due to the issuance of secured convertible bonds, the Company has entered into an agreement with a bank for providing guarantee; the amount of guarantee agreed therein was \$1,379,000 and \$1,500,000 thousand, respectively.
- (f) As of December 31, 2022 and 2021, the Company has paid \$139,660 thousand and \$432,427 thousand for acquiring property, respectively, plant and equipment, and unrecognized relevant contractual commitments of the acquisition of property, plant and equipment amounting to \$1,244,421 thousand and \$1,352,570 thousand, respectively.

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(10) **Significant Catastrophic Losses: None.**

(11) **Significant Subsequent Events**

(a) The Company and its significant subsidiaries, PChome Store Inc. (“PChome Store”) and PChome eBay Co. Ltd., (“PChome eBay”), respectively, were approved by the Board of Directors on February 21, 2023. PChome Store is expected to issue 75,500 thousand ordinary shares at a face value of \$10 per share, with an estimated proceeds of \$755,000 thousand. 58,724 thousand shares and 16,776 thousand shares were subscribed by the Company and PChome eBay, respectively, at the amount of \$587,239 thousand and \$167,761 thousand, respectively. In addition, the Company passed a reorganization proposal on February 21, 2023 of the Group by a resolution of the Board to accelerate the integration of the Group’s resources and improves its financial structure. The Company resolved to participate in the share equity trading case in PChome Store for completing the organizational and commercial restructuring. Upon completion of reorganization, PChome Store will become a wholly owned subsidiary of PChome eBay.

(b) In order for the Company to increase its cash capital, a resolution had been approved during the boardmeeting held on February 21, 2023 for the Company to issue 8,000 thousand to 16,000 thousand new shares.

(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, 2022			For the year ended December 31, 2021		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	31,809	1,128,713	1,160,522	42,024	1,203,304	1,245,328
Labor and health insurance	3,735	122,521	126,256	4,391	116,804	121,195
Pension	1,892	62,029	63,921	2,232	57,379	59,611
Remuneration of directors	-	5,100	5,100	-	6,098	6,098
Other employee benefits	1,963	83,091	85,054	3,010	86,102	89,112
Depreciation	7,286	598,912	606,198	6,569	570,791	577,360
Amortization	101	30,567	30,668	265	22,377	22,642

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Additional information about the numbers of the Company's employees and employee benefits was as follows:

	<u>2022</u>	<u>2021</u>
The average numbers of the Company's employees	<u>1,915</u>	<u>1,827</u>
The number of non-employee directors	<u>4</u>	<u>4</u>
The average employee benefits	<u>\$ 751</u>	<u>831</u>
The average employee salary	<u>\$ 607</u>	<u>683</u>
The adjustment on the average salary	<u>(11.13)%</u>	<u>1.79 %</u>

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, 2022:

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	-	-	- %	2	-	Operating Capital	-		-	2,551,187	2,551,187
0	"	21st Century Technology Co., Ltd.	Other receivables	Yes	350,000	350,000	350,000	2.75 %	2	-	Operating Capital	-	Repayment of promissory note	350,000	2,551,187	2,551,187
1	21st Century Technology Digital Co., Ltd.	21st Century Technology Co., Ltd.	Other receivables	Yes	330,000	330,000	137,350	2.75 %	2	-	Operating Capital	-	Repayment of promissory note	100,000	528,860	528,860
1	21st Century Technology Co., Ltd.	21st Century Digital Co., Ltd.	Other receivables	Yes	100,000	-	-	- %	2	-	Operating Capital	-		-	811,193	811,193
1	"	21st Financial Technology Co., Ltd.	Other receivables	Yes	1,100	-	-	- %	2	-	Operating Capital	-		-	811,193	811,193
1	PChome eBey Co., Ltd.	PChome US Inc.	Other receivables	Yes	15,000	-	-	- %	2	-	Operating Capital	-		-	393,501	393,501

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	3,188,984	10,000	10,000	-	-	0.16 %	6,377,968	Y	N	N
0	"	PChome Express Co., Ltd.	2	3,188,984	50,000	50,000	-	-	0.78 %	6,377,968	Y	N	N
0	"	PChome Store Inc.	2	3,188,984	325,000	325,000	325,000	-	5.10 %	6,377,968	Y	N	N
0	"	Pchome Bibian Inc.	2	3,188,984	347,850	347,850	150,735	-	5.45 %	6,377,968	Y	N	N
0	The Company	Pi Mobile Technology Inc.	1	956,695	300,000	300,000	300,000	-	4.70 %	6,377,968	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.

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Note 3: Relationship with the Company

1. The companies with which it has business relations.
2. Subsidiaries in which the company directly or indirectly holds more than 50% of its total outstanding common stocks.
3. The parent company which directly or indirectly holds more than 50% of its voting rights.
4. Subsidiaries in which the company directly or indirectly holds more than 90% of its voting rights.
5. Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
7. Companies in same type of business providing guarantees of pre-sale contracts according to the regulation.

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	22,378	3.72 %	22,378	
"	Openfind Information Technology, Inc.	-	"	800,000	47,720	6.22 %	47,720	
"	Career Consulting Co., Ltd.	-	"	113,005	3,206	0.72 %	3,206	
"	ECROWD MEDIA INC.	-	"	3,725,645	38,076	18.39 %	38,076	
"	IPEVO Corp.	-	"	1,958,018	69,177	7.19 %	69,177	
"	Famicloud Inc.	-	"	57,000	909	0.81 %	909	
"	Taiwan Advance Intelligent Tech. Co., Ltd.	-	"	1,732,102	2,113	4.75 %	2,113	
"	Miho International Cosmetic Co., Ltd.	-	"	7,500,000	77,925	8.09 %	77,925	
"	PayEasy Ltd.	-	"	1,376,668	37,551	12.52 %	37,551	
"	17 Life Ltd.	-	"	1,126,049	1	6.26 %	1	
"	Influenxio Limited (BVL)	-	"	9,915	5,707	3.51 %	5,707	
"	Madata Group Co., Ltd.	-	"	126,011	21,127	2.86 %	21,127	
"	AccuHit Tech Holdings Limited	-	"	416,667	17,551	3.66 %	17,551	
	Preferred stocks:							
"	Pickupp Limited	-	"	650,644	95,760	3.17 %	95,760	
"	FunNow Ltd.	-	"	130,662	41,767	2.71 %	41,767	
"	AccuHit Tech Holdings Limited	-	"	1,400,000	127,289	12.28	127,289	
"	Our Agriculture Inc.	-	"	3,212,121	10,053	2.49 %	10,053	
	Common Stock:							
Pi Mobile Technology Inc.	All Win Fintech Company Limited	-	"	11,400,000	173,280	15.00 %	173,280	
Linktel Inc.	Eastern Online Co., Ltd.	-	FVTPL	118,750	-	2.46 %	-	
"	Taiwan Star Telecom Co., Ltd.	-	"	3,942	-	- %	-	
	Convertible bonds:							
Chunghwa PChome Fund 1 Co., Ltd.	Tresl Inc.	-	"	-	8,640	- %	8,640	
"	WORCA INC.	-	"	-	22,716	- %	22,716	
	Preferred stocks:							
"	Instill Ai Ltd.	-	"	6,262	4,202	3.60 %	4,202	
"	FP International Limited	-	"	56,050	5,115	2.39 %	5,115	
"	Ecommerce Enablers Pte. Ltd.	-	"	142,813	29,606	0.15 %	29,606	

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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.	USPACE Tech Co., Ltd.	-	FVTPL	1,226,016	31,889	6.16 %	31,889	
"	Our Agriculture Inc.	-	"	11,682,828	25,541	8.92 %	25,541	
"	Green Future Tech Inc.	-	"	312,300	45,734	2.29 %	45,734	
"	Pickupp Limited	-	"	131,179	17,341	0.64 %	17,341	
"	Return Helper Limited	-	"	4,168	9,755	10.87 %	9,755	
"	Aiello Inc.	-	"	6,836,545	21,113	3.29 %	21,113	
"	Haulio Investment Holdings Pte. Ltd.	-	"	362,189	5,558	0.91 %	5,558	
"	GoFreight Inc.	-	"	165,020	179,503	5.02 %	179,503	
"	Traveler Co., Ltd.	-	"	10,000	14,717	0.61 %	14,717	

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
21st Century Technology Co., Ltd.	Cherri Tech Inc.	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:

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase /Sale	Amount	Percentage of total purchases /sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
PChome Online Inc.	PChome eBay Co., Ltd.	Subsidiary	Purchase	121,145	0.32 %	Net 30 days	-	-	(14,703)	0.38 %	

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

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8. Accounts receivable from related parties for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:

(In Thousands of New Taiwan Dollars)

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	357,511	- %	-		357,511	-
"	21st Century Technology Co., Ltd.	"	350,817	- %	-		350,817	-
21st Century Digital Technology Co., Ltd.	21st Century Technology Co., Ltd.	Sub-Subsidiary	158,172	- %	-		101,380	-

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

- (b) Information on investees:

For the years ended December 31, 2022, 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	5,405,462	100.00 %	59,882	1,748	1,748	Note 1
"	Linktel Inc.	"	Type II Telecommunications Business	125,000	125,000	6,831,604	100.00 %	25,417	(25,999)	(25,999)	"
"	PC HOME ONLINE INTERNATIONAL CO., LTD.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	1,662	(936)	(936)	"
"	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	47,439	47,439	3,035,115	26.47 %	50,955	71,441	18,911	"
"	PChome Store Inc.	"	Internet services	326,494	326,494	8	44.45 %	(334,044)	(36,808)	(12,719)	Note 1
"	PCHOME US INC.	United States of America	E-commerce platform	134,065	134,065	45,800,000	91.97 %	5,338	(1,010)	(929)	"
"	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	-	394,564	-	- %	-	(240,030)	-	"
"	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	131,875	131,875	13,249,999	66.25 %	16,043	(27,546)	(18,249)	"
"	PChome Travel Inc.	Taiwan	Travel agency business	36,000	36,000	3,600,000	100.00 %	13,192	(5,472)	(5,472)	"
"	PChome Financial Technology Inc.	"	Information service	10,000	10,000	1,000,000	100.00 %	3,856	(98)	(98)	"
"	PChome Holding Inc.	British Virgin Islands	Investment activities	1,043,763	1,043,763	313,951,718	100.00 %	(227,336)	(14,764)	(14,764)	"
"	PChome Express Co., Ltd.	Taiwan	Transportation and logistics	200,000	200,000	20,000,000	100.00 %	139,469	(7,276)	(7,276)	"
"	Chunghwa PChome Fund 1 Co., Ltd.	"	Investment activities	200,000	200,000	20,000,000	50.00 %	277,776	134,277	67,139	"
"	Cornerstone Ventures Co., Ltd.	"	Investment activities	5,100	5,100	510,000	51.00 %	7,018	315	161	"

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Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
PChome Online Inc.	PChome CB Co., Ltd.	Taiwan	E-commerce cross-border services	140,000	140,000	14,000,000	70.00 %	159,651	33,557	23,490	Note 1
"	Mitch Co., Ltd.	"	Clothing sales	162,000	162,000	6,240,000	60.00 %	16,634	(75,891)	(45,535)	"
"	YunTan technology Inc.	"	Information processing and provision of electronic information	54,250	54,250	1,261,628	70.00 %	39,888	(10,318)	(9,230)	Note 1 & 2
"	21st Century Technology Co., Ltd.	"	Financial Technology Services	5,192,546	4,030,020	24,139,099	43.63 %	4,518,859	104,380	20,165	"
"	PChome Data Technology Co., Ltd.	"	Information processing and provision of electronic information	5,000	5,000	500,000	100.00 %	4,429	(520)	(520)	Note 1
"	PIN Technology Inc.	"	Information processing and provision of electronic information	10,000	-	1,000,000	1.00 %	9,727	(273)	(232)	"
"	UPN Information Co., Ltd.	Cayman Islands	Investment activities	224,262	-	400,001	40.00 %	218,121	(14,616)	(5,884)	"
"	EC Global Limited	Hong Kong	Investment activities	6,338	6,338	7,494,642	100.00 %	6,715	(157)	(157)	Note 1
"	RUTEN GLOBAL INC.	Cayman Islands	Investment activities	-	1,096,041	-	- %	-	42,022	42,022	"
"	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	-	27,300,000	65.00 %	562,353	133,923	48,356	"
"	Ruten Japan KK	Japan	Information processing and provision of electronic information	9,830	9,830	36,044,850	28.49 %	2,776	(15,904)	(4,531)	"
PChome eBay Co., Ltd.	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	-	205,200	-	- %	-	(240,030)	-	Note 1
"	PChome Store Inc.	"	Internet services	632,258	632,258	4	0.22 %	(40,694)	(36,808)	(8,157)	"
"	ECOSMOS PTE. LTD.	Singapore	Information processing and provision of electronic information	9,153	9,153	3,300,000	1.00 %	8,976	(687)	(687)	"
"	21st Century Technology Co., Ltd.	Taiwan	Financial Technology Services	224,592	112,296	778,131	1.41 %	28,595	104,380	1,523	"
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 %	3,445	(813)	(813)	"
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 %	6,494	(427)	(427)	"
Ruten Global Inc.	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	-	779,688	-	- %	-	133,923	38,693	"
PChome Holding Inc.	PChome Marketplace Inc.	Cayman Islands	Investment activities	1,043,763	1,043,763	38,335,000	100.00 %	1,109,581	(14,655)	(14,655)	"
PChome Marketplace Inc.	PChome Japan KK	Japan	International trading E-commerce	37,580	37,580	43,500,000	100.00 %	(12,759)	(1,247)	(1,247)	"
"	PChome Store Inc.	Taiwan	Internet services	998,758	998,758	6	33.33 %	(33,257)	(36,808)	(13,152)	"
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	"	Internet services	127,000	127,000	2,900,000	100.00 %	140,840	4,306	4,306	"
"	PCHOME CB PTE. LTD.	Singapore	Internet services	59,698	59,698	190,000	100.00 %	74,636	29,522	29,522	"
PCHOME CB PTE. LTD.	PChome Bibian Inc.	Japan	E-commerce cross-border services	51,069	51,069	18,000,000	100.00 %	68,206	29,584	29,584	"
YunTan technology Inc.	einsure insurance broker Inc.	Taiwan	Insurance brokers	38,600	38,600	4,500,000	1.00 %	6,889	(10,178)	(10,178)	"

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(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			
21st Century Technology Co., Ltd.	21st Century Digital Technology Co., Ltd.	Taiwan	Financial Technology Services	-	1,000	-	- %	-	313,625	253,609	Note 1
"	Pi Mobile Technology Inc.	"	Online payment processing services	133,206	1,971,615	2,441,860	5.25 %	13,501	(240,030)	(216,242)	"
"	21st Financial Technology Co., Ltd	Cayman Islands	Investment activities	1,468,741	-	51,167,407	100.00 %	1,563,745	39,138	39,138	"
"	FAN7 TOUR CO., LTD.	Taiwan	Travel agencybusiness	-	6,000	-	- %	-	(370)	(61)	"
"	Cherri Tech, Inc.	"	Financial Technology Services and indirect investment activities	2,155,114	-	2,136,310	100.00 %	1,793,068	(34,335)	(19,640)	"
21st Financial Technology Co., Ltd	Pi Mobile Technology Inc.	"	Online payment processing services	6,438	-	43,819,006	94.24 %	232,345	(240,030)	(20,878)	"
"	21st Century Digital Technology Co., Ltd.	"	Financial Technology Services	39,161	-	120,100,000	100.00 %	1,321,401	313,625	60,016	"
21st Century Digital Technology Co., Ltd.	FAN7 TOUR CO., LTD.	"	Travel agencybusiness	6,000	-	600,000	100.00 %	4,207	(370)	(309)	"
Pi Mobile Technology Inc.	Pay and Link Inc.	"	Electronic paymentbusiness	710,388	500,388	50,100,000	100.00 %	459,541	(39,384)	(39,384)	"
"	Yun Tung Bao International Co., Ltd.	"	Online payment processing services	3,000	3,000	300,000	100.00 %	2,498	(47)	(47)	"
Cherri Tech, Inc.	Japan Cherri KK	Japan	Financial Technology Services	8,283	-	600	60.00 %	1,459	(6,707)	(4,024)	"

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 1: Investment gains and losses recognized for the period include the amortization of investment premiums.

(c) Information on investment in Mainland China:

- Information on investment in Mainland China: None.
- 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
-	59,309	5,064,097

Note 1: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 30.73 at the year ended December 31, 2022.

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, 2022, the accumulated investment amount of USD500 thousand remitted from Taiwan has not been repatriated.

- Significant transactions: None.

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(d) Major shareholders:

(Unit: Share)

Shareholder's Name	Shareholding	Shares	Percentage
SITE INC.		18,907,864	14.75 %
LGT Bank (Singapore) Investment Fund under the Custody of Standard Chartered		6,776,005	5.28 %

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, 2022. 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 website.

(14) Segment Information

Please refer to the consolidated financial report for the years ended December 31, 2022.

PChome Online Inc.
STATEMENT OF CASH AND CASH EQUIVALENTS
December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash and cash equivalents		\$ 800
Checking accounts		49,120
Savings accounts		2,645,517
Foreign currency deposits	USD1,976 @ 30.73	91,199
	EUR56 @ 32.71	
	JPY45,250 @ 0.23	
	HKD7 @ 3.94	
	THB2 @ 0.89	
	CNY34 @ 4.40	
	SGD786 @ 22.86	
Time deposits	From January 3, 2023 to December 30, 2023 (maturity date) Interest Rate: 0.69%~1.405%	841,000
Total		<u>\$ 3,627,636</u>

STATEMENT OF ACCOUNTS AND NOTES RECEIVABLE

Client Name	Description	Amount	Note
Related parties :			
Pi Mobile Technology Inc.		\$ 357,511	
Others		11,032	Note
Subtotal		<u>368,543</u>	
Non-related parties :			
NCCC		215,186	
Others		336,101	Note
Subtotal		551,287	
Less : Allowance for impairment loss		<u>(1,117)</u>	
Net amount		<u>550,170</u>	
Total		<u>\$ 918,713</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, 2022
(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	\$ 937	
Other receivables	Incentive receivable	248,373	
	Grants receivable	82,206	
	Other	2,617	
Other receivables-related parties	Fund financing	350,817	
	Collections generated by exchanging points	39,563	
	Other	17,678	
		<u>\$ 742,191</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	\$ 1,977,322	1,960,700	Note
Less : Allowance for inventory valuation and obsolescence losses	(16,622)	-	
	<u>\$ 1,960,700</u>	<u>1,960,700</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, 2022

(In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2022		Additions		Decrease		Balance, December 31, 2022		Collateral	Note
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
Syspower Corporation	906,335	\$ 25,685	-	-	-	3,307	906,335	22,378	None	
Openfind Information Technology Inc.	800,000	52,312	-	-	-	4,592	800,000	47,720	"	
Career consulting Co., Ltd.	113,005	3,165	-	41	-	-	113,005	3,206	"	
ECROWD MEDIA INC.	3,725,645	44,820	-	-	-	6,744	3,725,645	38,076	"	
IPEVO Corp.	1,958,018	143,855	-	-	-	74,678	1,958,018	69,177	"	
Famicloud Inc.	500,000	3,094	-	-	(443,000)	2,185	57,000	909	"	
Taiwan Advance Intelligent Tech. Co., Ltd.	1,732,102	6,253	-	-	-	4,140	1,732,102	2,113	"	
Miho International Cosmetics Co., Ltd	7,500,000	95,325	-	-	-	17,400	7,500,000	77,925	"	
PAYEASY Digital Interoration Co., Ltd.	-	-	1,376,668	37,551	-	-	1,376,668	37,551	"	
17 Life Inc.	-	-	1,126,049	1	-	-	1,126,049	1	"	
Influenxio Limited (BVI.)	9,915	8,000	-	-	-	2,293	9,915	5,707	"	
Mdata Group Co., LTD.	126,011	20,000	-	1,127	-	-	126,011	21,127	"	
AccuHit Tech Holdings Limited	1,816,667	118,312	-	26,528	-	-	1,816,667	144,840	"	
Pickupp Limited	650,644	82,765	-	12,995	-	-	650,644	95,760	"	
FunNow Ltd.	130,662	41,960	-	-	-	193	130,662	41,767	"	
Our Agriculture Inc.	-	8,336	3,212,121	1,717	-	-	3,212,121	10,053	"	
		\$ <u>653,882</u>		<u>79,960</u>		<u>115,532</u>		<u>618,310</u>		

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PChome Online Inc.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of Company	Balance, January 1, 2022			Additions			Decrease			Balance, December 31, 2022			Market Price or Net Assets			Note
	Shares	Amount		Shares	Amount		Shares	Amount		Shares	Amount	%	Unit price	Amount	Collateral	
IT Home Publications Inc.	5,014,802	\$ 56,869		390,660	3,013		-	-	5,405,462	59,882	100.00 %	-	59,882	None	"	
Linktel Inc.	6,831,604	51,409		-	-		-	25,992	6,831,604	25,417	100.00 %	-	25,417	"	"	
PC HOME ONLINE INTERNATIONAL CO., LTD.	122,328	2,384		-	-		-	722	122,328	1,662	100.00 %	-	1,662	"	"	
Rakuya International Info. Co. Ltd.	3,035,115	32,044		-	18,911		-	-	3,035,115	50,955	26.47 %	-	50,955	"	"	
PChome Store Inc.	18,435,220	(245,498)		-	-	18,435,212	88,546	8	8	(334,044)	44.45 %	-	(334,044)	"	"	
PCHOME US INC.	45,800,000	5,687		-	-	-	349	45,800,000	5,338	91.97 %	-	5,338	"	"	"	
Pi Mobile Technology Inc.	12,933,193	32,596		-	-	12,933,193	32,596	-	-	-	- %	-	-	"	"	
PChome (Thailand) Co., Ltd.	13,249,999	32,574		-	-	-	16,531	13,249,999	16,043	66.25 %	-	16,043	"	"	"	
PChome Travel Inc.	3,600,000	18,664		-	-	-	5,472	3,600,000	13,192	100.00 %	-	13,192	"	"	"	
PChome Financial Technology Inc.	1,000,000	3,953		-	-	-	97	1,000,000	3,856	100.00 %	-	3,856	"	"	"	
PChome Holding Inc.	335,680,846	(231,533)		-	4,197		-	-	335,680,846	(227,336)	100.00 %	-	(227,336)	"	"	
PChome Express Co., Ltd.	20,000,000	146,745		-	-	-	7,276	20,000,000	139,469	100.00 %	-	139,469	"	"	"	
Chunghua PChome Fund 1 Co., Ltd.	20,000,000	222,158		-	55,618		-	-	20,000,000	277,776	50.00 %	-	277,776	"	"	
Cornerstone Ventures Co., Ltd.	510,000	6,857		-	161		-	-	510,000	7,018	51.00 %	-	7,018	"	"	
PChome CB Co., Ltd.	14,000,000	137,046		-	22,605		-	-	14,000,000	159,651	70.00 %	-	159,651	"	"	
Mitch Co., Ltd.	16,200,000	62,169		-	-	9,960,000	45,535	6,240,000	16,634	60.00 %	-	16,634	"	"	"	
YunTian technology Inc.	1,261,628	49,118		-	-	-	9,230	1,261,628	39,888	70.00 %	-	39,888	"	"	"	
21st Century Technology Co., Ltd.	20,142,614	4,030,342		3,996,485	488,517		-	-	24,139,099	4,518,859	43.63 %	-	4,518,859	"	"	
PChome Data Technology Co., Ltd.	500,000	4,949		-	-	-	520	500,000	4,429	100.00 %	-	4,429	"	"	"	
PIN Technology Inc.	-	-		1,000,000	9,727		-	-	1,000,000	9,727	100.00 %	-	9,727	"	"	
UPN Information Co., Ltd.	-	-		400,001	218,121		-	-	400,001	218,121	40.00 %	-	218,121	"	"	
EC Global Limited	7,494,642	6,196		-	519		-	-	7,494,642	6,715	100.00 %	-	6,715	"	"	
RUTEN GLOBAL INC.	266,063,307	549,922		-	-	266,063,307	549,922	-	-	-	- %	-	-	"	"	
PChome eBay Co., Ltd.	-	-		27,300,000	588,104		-	25,751	27,300,000	562,353	65.00 %	-	562,353	"	"	
Ruten Japan KK	36,044,850	7,488		-	-	-	4,712	36,044,850	2,776	28.49 %	-	2,776	"	"	"	
		<u>\$ 4,982,139</u>			<u>1,409,493</u>			<u>813,251</u>		<u>5,578,381</u>						<u>1,700,017</u>

Note: When there is no open market price at the December 31, 2022, the market price is determined by the net assets.

PChome Online Inc.
STATEMENT OF ACCOUNTS PAYABLES
December 31, 2022
(In Thousands of New Taiwan Dollars)

<u>Name of Client</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related parties :			
Others		\$ 18,833	Note
Non-related parties :			
Supplier A		385,390	
Others		<u>3,404,830</u>	Note
Total		<u>\$ 3,809,053</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	Advertising and promotion fees	\$ 187,519	
	Salaries	183,107	
	Logistic expense	101,327	
	Others	<u>197,915</u>	
	Subtotal	<u>669,868</u>	
Other payables	Acquisition of subsidiaries	344,894	
	Acquisition of property, plant and equipment	159,301	
	Estimated sales returns	110,537	
	Others	<u>20,469</u>	
	Subtotal	<u>635,201</u>	
Long term payables	Acquisition of subsidiaries	<u>65,143</u>	
Total		<u>\$ 1,370,212</u>	

PChome Online Inc.
STATEMENT OF OPERATING COSTS
For the Year Ended December 31, 2022
(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	\$ 1,739,760	
Add : Purchase	<u>38,426,681</u>	40,166,441
Less : Loss on disposal of scrap		(1,868)
Loss on physical inventory		(2,276)
Balance of inventory, ending of year		<u>(1,977,322)</u>
Cost of goods sold - Electronic commerce merchandise		38,184,975
Portal site service costs		26,780
Editing and network technology costs		113,332
Gain from recovery of on inventory market price decline and obsolescence		11,022
Loss on disposal of scrap		1,868
Loss on physical inventory		2,276
Service cost		<u>12,272</u>
Operating Costs		<u><u>\$ 38,352,525</u></u>

PChome Online Inc.
**STATEMENT OF EDITING AND INTERNET
TECHNOLOGY COSTS**

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Salaries		\$ 31,809
Bandwidth expense		66,293
System maintenance expense		7,542
Insurance expense		3,735
Meal expense		1,420
Pension		1,892
Unpaid bonuses		17
Content usage expense		624
Total		<u>\$ 113,332</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	\$ 763,581	183,652	181,480	1,128,713
Advertisement expense	596,397	5,057	-	601,454
Depreciation expense	482,260	18,002	98,650	598,912
Freight	444,045	135	3	444,183
Fee expense	846,800	149	1	846,950
Salary of dispatched personnel	129,702	99	-	129,801
Insurance expense	128,288	14,244	19,106	161,638
Other expenses	417,801	94,604	150,338	662,743
Total	<u>\$ 3,808,874</u>	<u>315,942</u>	<u>449,578</u>	<u>4,574,394</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, 2022 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 21, 2023



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, 2022 and 2021, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2022 and 2021 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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, 2022 and 2021, 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 21, 2023

Notes to Readers

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022.12.31		2021.12.31		2022.12.31		2021.12.31	
	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS								
Current Assets:								
1100 Cash and cash equivalents (Note (6)(a))	\$ 6,849,807	26	8,147,239	33	2100			
1110 Current financial assets at fair value through profit or loss (Note (6)(b))	8,640	-	52,714	-	2130			
1170 Accounts and notes receivable, net (Notes (6)(d) and (7))	3,323,951	13	2,705,316	11	2170			
1200 Other receivables, net (Notes (6)(d) and (7))	1,282,431	5	1,331,315	6	2200			
1300 Inventories (Note (6)(c))	1,983,183	7	1,765,068	7	2230			
1476 Other current financial assets (Note (8))	1,156,475	4	919,441	4	2280			
1479 Other current assets, others	501,936	2	386,723	2	2300			
	<u>15,106,423</u>	<u>57</u>	<u>15,307,816</u>	<u>63</u>	<u>2320</u>			
Non-Current Assets:								
1510 Non-current financial assets at fair value through profit or loss (Note (6)(b))	412,790	1	191,512	1	2530			
1517 Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	791,590	3	767,882	3	2540			
1550 Investments accounted for using equity method (Note (6)(f))	271,852	1	39,532	-	2580			
1600 Property, plant and equipment (Note (6)(i))	1,132,645	4	957,115	4	2612			
1755 Right-of-use assets (Note (6)(j))	2,016,683	8	2,080,373	9	2670			
1780 Intangible assets (Note (6)(k))	5,807,608	22	4,127,252	17				
1840 Deferred tax assets (Note (6)(q))	148,942	1	120,735	-				
1930 Long-term notes and accounts receivable (Note (6)(d))	620,158	2	565,641	2				
1980 Other non-current financial assets (Note (8))	217,762	1	204,531	1				
1990 Other non-current assets, others	65,597	-	68,137	-				
	<u>11,485,627</u>	<u>43</u>	<u>9,122,710</u>	<u>37</u>	<u>3110</u>			
					3140			
					3200			
					3300			
					3400			
					3500			
					36XX			
Total assets	<u>\$ 26,592,050</u>	<u>100</u>	<u>24,430,526</u>	<u>100</u>				
LIABILITIES AND STOCKHOLDERS' EQUITY								
Current Liabilities:								
Short-term borrowings (Notes (6)(l) and (7))	\$ 3,362,455	12	2,263,667	9				
Current contract liabilities (Note (6)(m))	629,463	2	549,200	2				
Accounts and notes payable	3,925,764	15	3,924,004	16				
Other payables (Notes (6)(g) and (7))	1,798,731	7	1,722,756	7				
Current tax liabilities	196,335	1	419,474	2				
Current lease liabilities (Note (6)(p))	557,850	2	451,788	2				
Other current liabilities (Note (6)(m))	2,278,226	9	2,393,973	10				
Long-term liabilities, current portion (Notes (6)(n) and (o))	1,428,489	5	226,625	1				
	<u>14,177,313</u>	<u>53</u>	<u>11,951,487</u>	<u>49</u>				
Non-Current liabilities:								
Bonds payable (Note (6)(o))	-	-	1,361,536	6				
Long-term borrowings (Notes (6)(n) and (7))	2,189,558	8	1,218,475	5				
Deferred tax liabilities (Note (6)(q))	6,829	-	1,408	-				
Non-current lease liabilities (Note (6)(p))	1,527,013	6	1,685,427	7				
Long-term accounts payable (Note (6)(g))	234,612	1	549,438	2				
Other non-current liabilities, others	16,563	-	8,445	-				
	<u>3,974,575</u>	<u>15</u>	<u>4,824,729</u>	<u>20</u>				
	<u>18,151,888</u>	<u>68</u>	<u>16,776,216</u>	<u>69</u>				
Equity attributable to owners of parent (Note (6)(r)):								
Share capital:								
Ordinary share	1,281,629	5	1,274,159	5				
Advance receipts for share capital	-	-	10,980	-				
Capital surplus	5,011,096	19	4,692,857	19				
Retained earnings	148,993	1	243,510	1				
Other equity interest	146,752	-	182,586	1				
Treasury shares	(210,502)	(1)	(77,362)	-				
Total equity attributable to owners of parent:	<u>6,377,968</u>	<u>24</u>	<u>6,326,730</u>	<u>26</u>				
Non-controlling interests (Notes (6)(h) and (6)(r))	<u>2,062,194</u>	<u>8</u>	<u>1,327,580</u>	<u>5</u>				
Total equity	<u>8,440,162</u>	<u>32</u>	<u>7,654,310</u>	<u>31</u>				
Total liabilities and equity	<u>\$ 26,592,050</u>	<u>100</u>	<u>24,430,526</u>	<u>100</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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022		2021	
		Amount	%	Amount	%
4111	Sales revenue	\$ 46,700,842	101	49,358,396	102
4170	Less: Sales returns	600,399	1	779,029	2
	Operating revenue, net (Note (6)(u))	<u>46,100,443</u>	<u>100</u>	<u>48,579,367</u>	<u>100</u>
5000	Operating costs (Note (6)(e))	<u>40,660,354</u>	<u>88</u>	<u>43,023,627</u>	<u>89</u>
	Gross profit from operations	<u>5,440,089</u>	<u>12</u>	<u>5,555,740</u>	<u>11</u>
	Operating expenses:				
6100	Selling expenses	3,859,652	8	4,128,606	8
6200	Administrative expenses	743,220	2	575,513	1
6300	Research and development expenses	638,980	1	553,476	1
6450	Expected credit loss (Note (6)(d))	258,643	1	56,668	-
	Total operating expenses	<u>5,500,495</u>	<u>12</u>	<u>5,314,263</u>	<u>10</u>
	Net operating (loss) income	<u>(60,406)</u>	<u>-</u>	<u>241,477</u>	<u>1</u>
	Non-operating income and expenses (Note (6)(w)):				
7100	Interest income	22,102	-	9,613	-
7010	Other income	209,376	-	77,422	-
7020	Other gains and losses, net	166,363	-	62,598	-
7050	Finance costs	(85,650)	-	(54,843)	-
7060	Share of loss of associates and joint ventures accounted for using equity method, net	5,193	-	2,336	-
	Total non-operating income and expenses	<u>317,384</u>	<u>-</u>	<u>97,126</u>	<u>-</u>
	Profit from continuing operations before tax	<u>256,978</u>	<u>-</u>	<u>338,603</u>	<u>1</u>
7950	Less: Tax expense (Note (6)(q))	<u>213,386</u>	<u>-</u>	<u>276,358</u>	<u>1</u>
	Profit	<u>43,592</u>	<u>-</u>	<u>62,245</u>	<u>-</u>
	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	27,301	-	(3,175)	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income (Note (6)(x))	(13,844)	-	126,085	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(q))	(5,207)	-	635	-
	Items that may not be reclassified subsequently to profit or loss	<u>8,250</u>	<u>-</u>	<u>123,545</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign statements	4,295	-	(38,563)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Items that may be reclassified subsequently to profit or loss	<u>4,295</u>	<u>-</u>	<u>(38,563)</u>	<u>-</u>
	Other comprehensive income, net of tax	<u>12,545</u>	<u>-</u>	<u>84,982</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 56,137</u>	<u>-</u>	<u>147,227</u>	<u>-</u>
	(Loss) Profit attributable to:				
8610	(Loss) Profit attributable to owners of parent	\$ (52,794)	-	97,442	-
8620	Profit (Loss), attributable to non-controlling interests	96,386	-	(35,197)	-
		<u>\$ 43,592</u>	<u>-</u>	<u>62,245</u>	<u>-</u>
	Comprehensive income attributable to:				
8710	Comprehensive (loss) income, attributable to owners of parent	\$ (74,389)	-	325,552	-
8720	Comprehensive income (loss), attributable to non-controlling interests	130,526	-	(178,325)	-
		<u>\$ 56,137</u>	<u>-</u>	<u>147,227</u>	<u>-</u>
	Earnings per share (Note (6)(t))				
9750	Basic earnings per share (NT dollars)	<u>\$ (0.42)</u>		<u>0.84</u>	
9850	Diluted earnings per share (NT dollars)			<u>0.80</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
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021
(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	Unearned Employee Compensation		Total Equity Attributable to Owners of Parent	
	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	Unearned Employee Compensation	Treasury Shares	Non-Controlling Interests	Total Equity
Balance at January 1, 2021	\$ 1,182,595	-	1,938,916	16,244	-	286,101	(116,979)	76,811	(24,042)	-	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
Capital increase by cash	93,764	-	3,934	-	-	-	-	-	-	-	-	3,934
Conversion of convertible bonds	-	10,980	906,236	-	-	-	-	-	-	-	-	1,000,000
Purchase of treasury share	-	-	108,414	-	-	-	-	-	-	(108,254)	-	119,394
Changes in ownership interests in subsidiaries	-	-	1,720,903	-	-	-	-	-	-	-	10,498	(108,254)
Share-based payment transactions	(2,200)	-	14,454	-	-	-	-	16,146	-	30,892	-	1,731,401
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	771,051	59,292
Balance at December 31, 2021	1,274,159	10,980	4,692,857	44,623	40,168	158,719	(12,414)	202,896	(7,896)	(77,362)	1,327,580	7,654,310
Profit (Loss) for the year ended December 31, 2022	-	-	-	-	-	(52,794)	-	-	-	-	96,386	43,592
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	22,094	3,162	(46,851)	-	-	34,140	-
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	(30,700)	3,162	(46,851)	-	-	130,526	12,545
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	9,490	-	(9,490)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(63,817)	-	-	-	-	-	(63,817)
Reversal of special reserve	-	-	-	-	(40,168)	40,168	-	-	-	-	-	-
Conversion of convertible bonds	10,980	(10,980)	-	-	-	-	-	-	-	-	-	-
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(133,140)	-	(133,140)
Changes in ownership interests in subsidiaries	-	-	318,029	-	-	-	-	-	-	-	556,285	874,314
Share-based payment transactions	(3,510)	-	210	-	-	-	-	7,855	-	-	-	4,555
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	47,803	47,803
Balance at December 31, 2022	\$ 1,281,629	-	5,011,096	54,113	-	94,880	(9,252)	156,045	(41)	(210,502)	2,062,194	8,440,162

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

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(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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 256,978	338,603
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	753,123	711,051
Amortization expenses	105,453	41,709
Expected credit losses	258,643	56,668
Net gain on financial assets at fair value through profit or loss	(139,438)	(71,694)
Interest expenses	85,650	54,843
Interest income	(22,102)	(9,613)
Dividend income	(14,522)	(15,467)
Share-based payment transactions	4,555	28,400
Shares of profit of associates and joint ventures accounted for using equity method	(5,193)	(2,336)
(Gain) Loss on disposal of property, plant and equipment	(2,061)	433
Gain on disposal of investments accounted for using equity method	(3,414)	-
(Gain) Loss on lease modification	(153)	5,913
Total adjustments to reconcile profit	<u>1,020,541</u>	<u>799,907</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts and notes receivable	(909,958)	(682,736)
Other receivables	65,159	34,703
Inventories	(218,115)	41,350
Other current assets	(111,760)	(78,328)
Other financial assets	(237,034)	(429,833)
Total changes in operating assets	<u>(1,411,708)</u>	<u>(1,114,844)</u>
Changes in operating liabilities:		
Contract liabilities	80,263	(6,568)
Accounts and notes payable	1,687	55,036
Other payables	(92,918)	153,554
Other current liabilities	(116,412)	539,148
Other non-current liabilities	7,923	784
Total changes in operating liabilities	<u>(119,457)</u>	<u>741,954</u>
Total changes in operating assets and liabilities	<u>(1,531,165)</u>	<u>(372,890)</u>
Total adjustments	<u>(510,624)</u>	<u>427,017</u>
Cash flow generated from operations	(253,646)	765,620
Interest received	17,588	9,591
Dividends received	14,522	15,467
Interest paid	(70,460)	(42,302)
Income taxes paid	(464,501)	(11,510)
Net cash flows (used in) from operating activities	<u>(756,497)</u>	<u>736,866</u>
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(37,552)	(393,372)
Acquisition of financial assets designated at fair value through profit or loss	(55,731)	(93,759)
Proceeds from disposal of financial assets designated at fair value through profit or loss	17,965	23,040
Acquisition of investments accounted for using equity method	(80,000)	-
Net cash flow from acquisition of subsidiaries	(1,310,327)	(1,067,079)
Acquisition of property, plant and equipment	(232,473)	(568,635)
Proceeds from disposal of property, plant and equipment	4,436	4,115
Acquisition of intangible assets	(23,559)	(7,659)
Increase in other financial assets	(13,266)	(9,376)
Other non-current assets	(17,582)	16,477
Net cash flows used in investing activities	<u>(1,748,089)</u>	<u>(2,096,248)</u>
Cash flows used in financing activities:		
Increase in short-term borrowings	1,098,788	658,436
Long-term borrowings	1,322,500	849,100
Repayments of long-term borrowings	(521,000)	(400,000)
Payments of lease liabilities	(544,003)	(501,372)
Cash dividends paid	(63,817)	(153,737)
Capital increase by cash	-	1,000,000
Payments to acquire treasury shares	(133,140)	(108,254)
Treasury shares sold to employees	-	30,892
Change in non-controlling interests	48,359	8,600
Net cash flows from financing activities	<u>1,207,687</u>	<u>1,383,665</u>
Effect of exchange rate changes on cash and cash equivalents	(533)	(24,807)
Net decrease in cash and cash equivalents	<u>(1,297,432)</u>	<u>(524)</u>
Cash and cash equivalents at beginning of period	<u>8,147,239</u>	<u>8,147,763</u>
Cash and cash equivalents at end of period	<u>\$ 6,849,807</u>	<u>8,147,239</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, 2022 AND 2021

(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 21, 2023.

(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, 2022:

- 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"

- (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, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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PCHOME ONLINE INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of Significant Accounting Policies

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

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

(a) Statement of compliance

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

(b) Basis of preparation

1. Basis of measurement

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

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Cash-settled share-based payment liabilities are measured at fair value;
- 4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited.

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PCHOME ONLINE INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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.

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.

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PCHOME ONLINE INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

2. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			2022.12.31	2021.12.31	
The Company	PChome Store Inc.	Internet services	44.45 %	34.35 %	Note1&16
"	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 %	
"	Pi Mobile Technology Inc.	Online payment processing services	- %	30.32 %	Note5
"	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 %	
"	Cornerstone Ventures Co., Ltd.	"	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 %	70.00 %	Note4
"	21st Century Technology Co., Ltd.	Financial technology services	43.63 %	44.84 %	Note5
"	PChome Data Technology Co., Ltd.	Information processing and provision of electronic information	100.00 %	100.00 %	Note8
"	PIN technology Inc.	"	100.00 %	- %	Note10
"	EC Global Limited	Investment activities	100.00 %	100.00 %	Note6
"	RUTEN GLOBAL INC.	"	- %	100.00 %	Note2&7
"	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	- %	Note16

**(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, 2022 AND 2021

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			2022.12.31	2021.12.31	
PChome eBay Co., Ltd.	Pi Mobile Technology Inc.	Online payment processing services	- %	3.06 %	Note5
"	PChome Store Inc.	Internet services	22.22 %	22.16 %	Note1&16
"	ECOSMOS PTE. LTD.	Information processing and provision of electronic information	100.00 %	100.00 %	Note3
"	21st Century Technology Co., Ltd.	Financial technology services	1.41 %	0.87 %	Note5
PC HOME ONLINE INTERNATIONAL CO., LTD.	PCHOME ONLINE INC.	International trade and investment activities	100.00 %	100.00 %	
PCHOME ONLINE INC.	PC HOME ONLINE (HK) LTD.	Information service and indirect investment activities	100.00 %	100.00 %	
RUTEN GLOBAL INC.	PChome eBay Co., Ltd.	Information processing and provision of electronic information	- %	65.00 %	Note13
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	33.33 %	35.78 %	Note1&16
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	"	100.00 %	100.00 %	
"	PCHOME CB PTE. LTD.	"	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 %	100.00 %	Note4
21st Century Technology Co., Ltd.	FAN7 TOUR CO., LTD.	Travel agency business	- %	100.00 %	Note5&14
"	21st Century Digital Technology Co., Ltd.	Financial technology services	- %	100.00 %	Note9&15
"	Pi Mobile Technology Inc.	Online payment processing services	5.25 %	53.59 %	Note5,12&15
"	21st Financial Technology Co., Ltd	Investment activities	100.00 %	- %	Note11
"	Cherri Tech, Inc.	Financial technology services and indirect investment activities	100.00 %	- %	Note5
21st Financial Technology Co., Ltd	21st Century Digital Technology Co., Ltd.	Financial technology services	100.00 %	- %	Note15
"	Pi Mobile Technology Inc.	Online payment processing services	94.24 %	- %	Note15

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PCHOME ONLINE INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			2022.12.31	2021.12.31	
21st Century Digital Technology Co., Ltd.	FAN7 TOUR CO., LTD.	Travel agency business	100.00 %	- %	Note14
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 %	
Cherri Tech, Inc.	Japan Cherri KK	Financial technology services	60.00 %	- %	Note5

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

Note 2: The subsidiary had completed the dissolution and liquidation procedures on August 3, 2022.

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

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

Note 5: 1. The Group 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).

2. 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, on December 8, 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%.

3. The Company purchased 1.12% equity of Pi Mobile Technology Inc. from external shareholders, resulting in an increase in its shareholding ratio from 30.32% to 31.44%, and exchanged 2.72% and 0.65% of 21st Century Technology Co., Ltd.' s shares with 31.44% and 3.06% of Pi Mobile Technology Inc.' s shares, held by the Company and PChome eBay Co., Ltd., respectively, on January 3, 2022.

4. 21st Century Technology Co., Ltd. acquired the entire shares of Cherri Tech Inc. in cash and newly issued shares (3,471 thousand ordinary shares and 1,111 thousand special shares), and included them in the Group's consolidated financial statements. However, the Group did not subscribe for the shares in proportion to its shareholding, resulting in the decrease in the Company's shareholding ratio from 47.56% to 43.63% and PChome eBay Co., Ltd.' s shareholding ratio from 1.52% to 1.41%.

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 was established on November 18, 2021.

Note 9: The subsidiary was established on December 30, 2021.

Note 10: The subsidiary was established on January 10, 2022.

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Note 11: The subsidiary was established on March 7, 2022.

Note 12: The Group subscribed all newly issued shares Pi Mobile Technology Inc. increasing cash capital for, resulting in a increase in the shareholding ratio from 99.46% to 99.49%.

Note 13: Organizational adjustment, to be directly held by the Company from August 2022.

Note 14: In March 2022, 21st Century Technology Co., Ltd. transferred its equity and related businesses in FAN7 TOUR CO., LTD. to 21st Century Digital Technology Co., Ltd.

Note 15: In October 2022, 21st Century Technology Co., Ltd. transferred 94.24% of its shares in Pi Mobile Technology Inc. and its entire shares in 21st Century Digital Technology Co., Ltd. to 21st Financial Technology Co., Ltd.

Note 16: On December 7, 2022, the extraordinary meeting of shareholders had approved PChome Store Inc. to offset its deficit by using the legal reserve, capital surplus, as well as its capital. After the Company and PChome eBay Co., Ltd. bought the fractional shares of the external shareholders, the shareholding percentages of the Company, PChome eBay Co., Ltd. and PChome Marketplace Inc. became 44.45%, 22.22% and 33.33%, respectively.

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

(d) Foreign Currency

1. Foreign currency transaction

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

2. Foreign operations

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

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

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

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

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

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

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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.

(g) Financial instruments

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

1. Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

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

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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 Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

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

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

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

4) Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

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

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

7) Derecognition of financial assets

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

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

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2. Financial liabilities and equity instruments

1) Compound financial instruments

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

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

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

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

2) Financial liabilities

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

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

3) Derecognizing of financial liabilities

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

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

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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 Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

(j) Property, plant, and equipment

1. Recognition and measurement

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

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

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

2. Subsequent cost

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

3. Depreciation

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

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

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

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

(k) Leases

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

1. As a lessee

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

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

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

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

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

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

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change of its assessment on a purchase option; or
- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modifications

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

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

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

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

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

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

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022;
- and there is no substantive change in other terms and conditions of the lease.

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

2. As a lessor

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

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

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

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

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(l) Intangible assets

1. Recognition and measurement

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

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

2. Subsequent expenditure

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

3. Amortization

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

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

Software	3~5 years
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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.

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

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

(n) Revenue

Revenue from contracts with customers

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

1) Sale of goods - consumer electronics

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

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

2) Services

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

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

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3) Interest revenue from installment transactions

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

(o) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Short-term employee benefits

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

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(p) Share-based payment

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

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

(q) Income taxes

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

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

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

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they 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.

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(r) Business combination

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

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

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

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

(s) Earnings per share

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

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

(t) Operating segments

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

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(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.

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:

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 trade receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding possible future credit losses) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. Refer to note (6)(d) for further description of the impairment of trade receivable.

(b) 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.

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(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	\$ 2,195	1,683
Checking accounts	55,782	42,034
Savings accounts	5,032,370	6,914,475
Foreign currency deposits	130,096	45,755
Time deposits	1,606,007	1,113,007
Cash equivalents	23,357	30,285
Cash and cash equivalents in consolidated statement of cash flows	\$ 6,849,807	8,147,239

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

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

	2022.12.31	2021.12.31
Mandatorily measured at fair value through profit or loss:		
Preferred stocks	\$ 390,074	187,513
Foreign convertible bonds	31,356	52,714
Embedded derivative-call options	-	3,999
Total	\$ 421,430	244,226
Current	\$ 8,640	52,714
Non-current	412,790	191,512
Total	\$ 421,430	244,226

1. 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.
2. 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.
3. The Group issued secured convertible bonds in the fourth quarter, 2020. Relevant information please refer to Note (6)(o).

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

5.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>2022.12.31</u>	<u>2021.12.31</u>
Equity instruments at fair value through other comprehensive income		
Stocks unlisted on domestic and foreign markets	\$ 791,590	759,546
Foreign convertible bonds	-	8,336
Total	<u>\$ 791,590</u>	<u>767,882</u>

1.The Group holds these equity instruments, which are not held for trading at designated fair value through other comprehensive income, for long-term strategic purposes.

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

3.For the market price risk, please refer to Note (6)(x). For the credit risk and the market risk, please refer to Note (6)(y).

4.There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2022 and 2021.

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>2022.12.31</u>	<u>2021.12.31</u>
Notes receivable-measured as amortized cost	\$ 2	322
Trade receivable-measured as amortized cost	3,408,150	3,375,136
Trade receivable-fair value through other comprehensive income	1,409,991	880,501
Other receivables-measured as amortized cost	1,203,699	1,329,924
Operating lease receivable	8,153	1,391
Finance lease receivable	76,906	-
Less: Allowance for impairment losses	(107,815)	(249,975)
Less: Unrealized interest revenue	(772,546)	(735,027)
	<u>\$ 5,226,540</u>	<u>4,602,272</u>
Current	\$ 4,606,382	4,036,631
Non-current	620,158	565,641
	<u>\$ 5,226,540</u>	<u>4,602,272</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 expected credit losses except for 21st Century Digital Technology Co., Ltd., were determined as follows:

	2022.12.31		
	Gross carrying amount	Weighted- average loss rate	Allowance for expected credit losses
Current	\$ 1,844,792	0.00005%~0.061%	24
Past under 180 days	63,299	10%~45.12%	924
Over 181 days past due	<u>20,311</u>	25%~100%	<u>11,238</u>
	<u>\$ 1,928,402</u>		<u>12,186</u>
	2021.12.31		
	Gross carrying amount	Weighted- average loss rate	Allowance for expected credit losses
Current	\$ 1,891,313	0%~0.001%	20
Past under 180 days	44,370	0%~10%	415
Over 181 days past due	<u>360</u>	25%~100%	<u>302</u>
	<u>\$ 1,936,043</u>		<u>737</u>

The expected credit losses of the Group's subsidiary, 21st Century Digital Technology Co., Ltd., were determined as follows:

	2022.12.31		
	Gross carrying amount	Weighted- average loss rate	Allowance for expected credit losses
Current	\$ 2,963,741	1.71%	49,433
Past under 180 days	411,114	1.71%~9.83%	17,139
Over 181 days past due	<u>31,098</u>	9.83%~100%	<u>29,057</u>
	<u>\$ 3,405,953</u>		<u>95,629</u>

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	2021.12.31		
	Gross carrying amount	Weighted-average loss rate	Allowance for expected credit losses
Current	\$ 2,356,143	0%~0.35%	8,462
Past under 180 days	350,618	3%~70%	33,987
Over 181 days past due	209,443	80%~100%	206,789
	\$ 2,916,204		249,238

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

	2022	2021
Balance at January 1	\$ 249,975	1,162
Acquisition through business combinations	4,603	205,256
Impairment losses recognized	258,643	56,668
Amounts written off	(405,406)	(13,111)
Balance at December 31	\$ 107,815	249,975

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, 2022, the carrying amount of transferred receivables and related financial liabilities as follows:

2022.12.31					
Purchaser	Foreclosed amount	Credit line	Amount advanced paid (reported on short-term borrowings)	Range of interest Rate	Collateral
KGI Bank	\$ 637,042	800,000	800,000	3.719%	Promissory notes
Far Eastern International Bank	647,206	840,000	584,654	3.655%	Pledge deposits and promissory notes
CMI Credit LTD.	125,743	500,000	104,566	4.36%	Promissory notes

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

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As of December 31, 2022 and 2021, the Group provided promissory notes of \$1,740,000 thousand and \$700,000 thousand, respectively, 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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Merchandise inventories	\$ 2,003,588	1,784,571
Less: Allowance for inventory valuation and obsolescence losses	<u>(20,405)</u>	<u>(19,503)</u>
	<u>\$ 1,983,183</u>	<u>1,765,068</u>

The details of operating cost were as follows:

	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 40,602,409	42,999,367
Interest cost	52,660	12,205
Provision for inventory market price decline and obsolescence	902	2,289
Loss on physical inventory	2,515	3,663
Loss on disposal of scrap	<u>1,868</u>	<u>6,103</u>
	<u>\$ 40,660,354</u>	<u>43,023,627</u>

Provision for inventory valuation and obsolescence loss was due to the write-down of inventory to net realizable value or obsolescence and included in cost of sales.

As of December 31, 2022 and 2021, 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 were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Associates	<u>\$ 271,852</u>	<u>39,532</u>

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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	
			2022.12.31	2021.12.31
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 %	28.49 %
UPN Information Co., Ltd.	Investment activities	Cayman islands	40.00 %	- %

The Group acquired 40% shares of UPN Information Co., Ltd. with \$226,000 thousand in cash in August 2022. As of December 31, 2022, \$144,760 thousand had not been paid for the related cash acquisition, which was recognized as other payables of \$79,617 thousand and long-term payables of \$65,143 thousand.

2. Collateral

As of December 31, 2022 and 2021, the Group did not provide any investment accounted for using equity method as collateral.

(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		29,077
Other non-current assets		765
Other payables		(7,473)
Other current liabilities		(33)
The fair value of identifiable net assets	\$	<u>56,413</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>	<u>15,161</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 Group acquired 50.53% shares of 21st Century Technology Co., Ltd. with \$2,176,262 thousand in cash and 45.23% 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, 2022, the amount of \$265,282 thousand was not paid for the related cash acquisition, which was recorded as other payables.

21st Century Technology Co., Ltd. increased capital by share swap in December, 2021. 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%.

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 Technology Co., Ltd., resulting in an increase in the shareholding ratio from 44.84% to 47.56%, and the registration procedures have been completed.

21st Century Technology Co., Ltd. increased capital in 2022, resulting in the decrease in the Company's shareholding ratio from 47.56% to 43.63%.

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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>

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.

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3. Cherri Tech Inc.

- 1) In order to strengthen the Group's layout in financial services, and enhance the competitiveness and business advantages of the Company and Cherri Tech Inc. in line with the Group's development strategy, the resources of both parties had been integrated based on the resolution approved during the board meeting held on April 12, 2022, wherein the Group acquired 20.82% shares of Cherri Tech Inc. at the amount of \$524,788 thousand in cash on April 27, 2022, as well as 59.26% shares of Cherri Tech Inc. at the amount of \$269,908 thousand in cash and 3,238 thousand newly issued shares of 21st Century Technology Co., Ltd. on July 29, 2022, resulting in the Group to gain control over Cherri Tech Inc.

The amount of \$359,990 thousand for the related cash acquisition has yet to be paid as of December 31, 2022, resulting in the recognition of other payables amounting to \$190,521 thousand and long-term payables amounting to \$169,469 thousand.

On September 14, 2022, 21st Century Technology Co., Ltd. conducted a share swap by exchanging 927 thousand of its newly issued shares and paying the amount of \$138,175 thousand in cash, resulting in an increase in its shareholding ratio from 80.08% to 100.00%.

- 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	\$	96,350
Accounts receivable		21,837
Other receivables		11,778
Other current assets		3,381
Property, plant and equipment		2,422
Right-of-use assets		6,301
Intangible assets		227,635
Other non-current assets		2,353
Accounts payable		(73)
Other payables		(35,180)
Lease liabilities		(6,322)
Other current liabilities		(665)
Guarantee deposit received		(195)
The fair value of identifiable net assets	\$	<u>329,622</u>

The Group will continue to review the above matters during the measurement period. If new information about the facts and circumstances that existed on the acquisition date is obtained within one year from the acquisition date, and is identified an adjustment to the above provisional amount or any additional provision for liabilities existing at the acquisition date, the accounting for acquisitions will be revised.

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3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred (cash)	\$	794,696
Consideration transferred (equity of 21st Century Technology Co., Ltd.)		949,388
Non-controlling interest (measured by proportionate share of the fair value of the identifiable net assets)		68,011
Less: fair value of identifiable net assets		<u>(329,622)</u>
Goodwill	\$	<u>1,482,473</u>

Goodwill is attributable mainly to the digital financial services owned by Cherri Tech Inc. for its future benefits.

In the five-month period from the acquisition date to December 31, 2022, the revenue and net loss contributed by Cherri Tech Inc. were \$60,342 thousand and \$4,729 thousand, respectively. If the acquisition had occurred on January 1, 2022, the management estimated that the revenue from January 1, 2022 to December 31, 2022 would have been \$106,576 thousand and the net loss would have been \$34,259 thousand. In determining these amounts, the management assumed that if the acquisition occurred on January 1, 2022, 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>2022.12.31</u>	<u>2021.12.31</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	54.96 %	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.

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current assets	\$ 1,438,034	1,308,223
Non-current assets	69,241	46,583
Current liabilities	(503,884)	(522,075)
Non-current liabilities	<u>(19,637)</u>	<u>-</u>
Net assets	\$ <u>983,754</u>	<u>832,731</u>
Non-controlling interests	\$ <u>344,314</u>	<u>291,456</u>

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	<u>2022</u>	<u>2021</u>
Operating revenue	\$ <u>857,028</u>	<u>952,561</u>
Net profit	\$ 133,923	83,377
Other comprehensive income	1,765	(18)
Total comprehensive income	\$ <u>135,688</u>	<u>83,359</u>
Profit, attributable to non-controlling interests	\$ <u>46,873</u>	<u>29,182</u>
Comprehensive income, attributable to non-controlling interests	\$ <u>47,491</u>	<u>29,175</u>

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current assets	\$ 151,494	257,811
Non-current assets	412,790	187,513
Current liabilities	(8,731)	(1,008)
Net assets	\$ <u>555,553</u>	<u>444,316</u>
Non-controlling interests	\$ <u>277,777</u>	<u>222,158</u>
	<u>2022</u>	<u>2021</u>
Net profit	\$ 134,277	58,603
Other comprehensive income	-	-
Total comprehensive income	\$ <u>134,277</u>	<u>58,603</u>
Profit, attributable to non-controlling interests	\$ <u>67,138</u>	<u>29,301</u>
Comprehensive income, attributable to non-controlling interests	\$ <u>67,138</u>	<u>29,301</u>

3. Collective financial information of 21st Century Technology Co., Ltd. and its subsidiaries:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current assets	\$ 5,455,425	2,178,226
Non-current assets	3,206,138	1,303,792
Current liabilities	(5,113,409)	(1,515,845)
Non-current liabilities	(1,031,399)	(597,197)
Net assets	\$ <u>2,516,755</u>	<u>1,368,976</u>
Non-controlling interests	\$ <u>1,381,513</u>	<u>745,822</u>
	<u>2022</u>	<u>October to December, 2022</u>
Operating revenue	\$ <u>1,316,647</u>	<u>266,739</u>
Net profit	\$ 104,380	13,631
Other comprehensive income	58,935	-
Total comprehensive income	\$ <u>163,315</u>	<u>13,631</u>
Profit attributable to non-controlling interests	\$ <u>23,768</u>	<u>1,309</u>
Comprehensive income, attributable to non-controlling interests	\$ <u>56,308</u>	<u>1,309</u>

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(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, 2022 and 2021, were as follows:

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Leased assets	Testing equipment	Total
Cost:						
Balance at January 1, 2022	\$ 96,362	1,246,514	521,156	6,507	440,768	2,311,307
Acquired through business combination	-	4,170	-	-	-	4,170
Additions	1,999	86,246	17,390	-	271,333	376,968
Obsolescence	-	(14,834)	-	-	-	(14,834)
Disposals	-	(2,355)	(99,365)	-	-	(101,720)
Reclassification	575	9	4,288	-	(8,581)	(3,709)
Effect of changes in foreign exchange rates	-	542	-	-	-	542
Balance at December 31, 2022	<u>\$ 98,936</u>	<u>1,320,292</u>	<u>443,469</u>	<u>6,507</u>	<u>703,520</u>	<u>2,572,724</u>
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 changes in foreign 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>
Depreciation and impairment loss:						
Balance at January 1, 2022	\$ 27,298	940,556	381,078	5,260	-	1,354,192
Acquired through business combination	-	1,748	-	-	-	1,748
Depreciation for the year	12,855	142,257	41,664	1,247	-	198,023
Obsolescence	-	(14,823)	-	-	-	(14,823)
Disposals	-	(1,397)	(97,959)	-	-	(99,356)
Effect of changes in foreign exchange rates	-	295	-	-	-	295
Balance at December 31, 2022	<u>\$ 40,153</u>	<u>1,068,636</u>	<u>324,783</u>	<u>6,507</u>	<u>-</u>	<u>1,440,079</u>
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 changes in foreign 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>
Carrying amounts:						
Balance at December 31, 2022	<u>\$ 58,783</u>	<u>251,656</u>	<u>118,686</u>	<u>-</u>	<u>703,520</u>	<u>1,132,645</u>
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>

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The Group purchased relevant equipment for operation in 2022. For relevant significant contracts, please refer to Note (9)(f). As of December 31, 2022 and 2021, 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, 2022 and 2021, were as follows:

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2022	\$ 3,479,716	-	6,255	3,485,971
Acquisition through business combination	6,462	-	3,490	9,952
Additions	449,715	44,228	-	493,943
Decrease	(272,675)	-	(4,465)	(277,140)
Effect of changes in foreign exchange rates	(425)	-	-	(425)
Balance as of December 31, 2022	<u>\$ 3,662,793</u>	<u>44,228</u>	<u>5,280</u>	<u>3,712,301</u>
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>
Accumulated depreciation:				
Balance as of January 1, 2022	\$ 1,404,896	-	702	1,405,598
Acquired through business combination	2,827	-	823	3,650
Depreciation for the year	542,229	11,057	1,814	555,100
Other decrease	(267,183)	-	(1,461)	(268,644)
Effect of changes in foreign exchange rates	(86)	-	-	(86)
Balance as of December 31, 2022	<u>\$ 1,682,683</u>	<u>11,057</u>	<u>1,878</u>	<u>1,695,618</u>
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>
Carrying amount:				
Balance as of December 31, 2022	<u>\$ 1,980,110</u>	<u>33,171</u>	<u>3,402</u>	<u>2,016,683</u>
Balance as of December 31, 2021	<u>\$ 2,074,820</u>	<u>-</u>	<u>5,553</u>	<u>2,080,373</u>

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(k) Intangible assets

The costs and amortization and impairment loss of intangible assets of the Group for the years ended December 31, 2022 and 2021, were as follows:

	<u>Software</u>	<u>Goodwill</u>	<u>Concession</u>	<u>Others</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 206,370	3,528,869	501,290	81,848	4,318,377
Acquired through business combination	-	1,482,473	-	227,635	1,710,108
Acquired separately	22,217	-	-	-	22,217
Disposal and obsolescence	(5,500)	-	-	-	(5,500)
Transfer from prepayments	53,484	-	-	-	53,484
Effect of movements in exchange rates	86	-	-	-	86
Balance at December 31, 2022	<u>\$ 276,657</u>	<u>5,011,342</u>	<u>501,290</u>	<u>309,483</u>	<u>6,098,772</u>
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>
Amortization and impairment losses:					
Balance at January 1, 2022	\$ 175,552	-	13,548	2,025	191,125
Amortization for the year	36,110	-	54,194	15,149	105,453
Disposal and obsolescence	(5,500)	-	-	-	(5,500)
Effect of movements in exchange rates	86	-	-	-	86
Balance at December 31, 2022	<u>\$ 206,248</u>	<u>-</u>	<u>67,742</u>	<u>17,174</u>	<u>291,164</u>
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 losing control of subsidiaries	(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>
Carrying amounts:					
Balance at December 31, 2022	<u>\$ 70,409</u>	<u>5,011,342</u>	<u>433,548</u>	<u>292,309</u>	<u>5,807,608</u>
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>

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

	<u>2022</u>	<u>2021</u>
Operating cost	\$ <u>101</u>	<u>265</u>
Operating expense	\$ <u>105,352</u>	<u>41,444</u>

2. On July 29, 2022, The Group obtained the amounts of \$1,482,473 thousand, \$57,421 thousand and \$170,214 thousand, arising from the acquisition of Cherri Tech Inc., in goodwill, expertise and customer relationship, respectively. Please refer to the Note (6)(g) for relevant information.

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
PChome CB Co., Ltd.	\$ 99,358	99,358
Yun Tan Technology Inc.	15,161	15,161
21st Century Technology Co., Ltd.	3,414,350	3,414,350
Cherri Tech Inc.	<u>1,482,473</u>	<u>-</u>
Total	\$ <u>5,011,342</u>	<u>3,528,869</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.

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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount rate	6.92%~20.73%	6.98%~23.42%

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(l) Short-term borrowings

	<u>2022.12.31</u>	<u>2021.12.31</u>
Unsecured bank loans	\$ 1,860,735	850,000
Secured bank loans	1,384,654	617,069
Other short-term loans	117,066	546,598
Loans from related parties	-	220,000
Short-term notes and bills payable	-	30,000
	<u>\$ 3,362,455</u>	<u>2,263,667</u>
Unused short-term credit line	<u>\$ 3,939,163</u>	<u>4,526,823</u>
Range of interest rates	<u>0.97%~4.36%</u>	<u>0.97%~4.00%</u>

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).

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current contract liabilities	\$ 629,463	549,200
Receipts under custody-online payment processing service mainly	1,914,837	1,813,698
Current refund liabilities	33,386	37,882
Other	330,003	542,393
	<u>\$ 2,907,689</u>	<u>2,943,173</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 other current liabilities 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 other current liabilities.

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(n) Long-term borrowings

The details were as follows:

	2022.12.31			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	1.320%~3.225%	2023, 2024, 2026, 2028	\$ 955,175
Secured bank loans	TWD	1.375%~1.970%	2025, 2028	419,900
Other long-term borrowings	TWD	3.99%	2023~2024	150,000
Loans from related parties	TWD	2.25%~2.75%	2023~2024	721,525
Less: current portion				<u>(57,042)</u>
Total				<u>\$ 2,189,558</u>
Unused long-term credit lines				<u>\$ 2,872,300</u>
	2021.12.31			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	TWD	0.16%~1.16%	2028	\$ 368,400
Secured bank loans	TWD	0.75%~1.345%	2025	505,700
Other long-term borrowings	TWD	3.99%	2024	150,000
Loans from related parties	TWD	1.00%	2023	421,000
Less: current portion				<u>(226,625)</u>
Total				<u>\$ 1,218,475</u>
Unused long-term credit lines				<u>\$ 2,626,955</u>

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, 2022, 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, 2022. 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).

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(o) Bonds payable

The details of secured convertible bonds were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Total convertible corporate bonds issued	\$ 1,500,000	1,500,000
Unamortized discounted corporate bonds payable	(7,553)	(17,464)
Cumulative converted amount	<u>(121,000)</u>	<u>(121,000)</u>
Balance of corporate bonds issued	<u>\$ 1,371,447</u>	<u>1,361,536</u>
Embedded derivative – call options, included in financial assets at fair value through profit or loss	<u>\$ -</u>	<u>3,999</u>
Equity component – conversion options, included in capital surplus— stock options	<u>\$ 129,737</u>	<u>129,737</u>

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

	<u>2021</u>	<u>2021</u>
Embedded derivative instruments – call options, included in other gains or losses	<u>\$ (3,999)</u>	<u>2,499</u>
Interest expense	<u>\$ 9,911</u>	<u>10,630</u>

The amount of bonds payable was \$1,371,447 thousand, and the duration of the bonds payable is less than one year, amounted for one year or recognized as the long-term debt with one operating cycle.

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.

The face value of the convertible bonds amounting to \$121,000 thousand has been converted and recognized as \$10,980 thousand ordinary 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)(x).

(p) Lease liabilities

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

Current	<u>2022.12.31</u> \$ <u>557,850</u>	<u>2021.12.31</u> <u>451,788</u>
Non-current	<u>1,527,013</u>	<u>1,685,427</u>

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

The amounts recognized in profit or loss were as follows:

Interests on lease liabilities	<u>2022</u> \$ <u>26,545</u>	<u>2021</u> <u>27,875</u>
Expenses relating to short-term leases	<u>40,011</u>	<u>41,133</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>7,836</u>	<u>6,107</u>

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

Total cash outflow for leases	<u>2022</u> \$ <u>618,395</u>	<u>2021</u> <u>576,487</u>
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The Group leases buildings for its office space and warehouses. The leases of office space typically run of a period for 1 to 6 years, and of warehouses for 1 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>2022</u>	<u>2021</u>
Current income tax expenses:		
Current period	\$ 227,768	318,064
5% surtax on unappropriated earnings	22,595	3,549
Adjustment for prior periods	<u>(8,984)</u>	<u>(20,255)</u>
	<u>241,379</u>	<u>301,358</u>
Deferred tax expense:		
Origination and reversal of temporary differences	<u>(27,993)</u>	<u>(25,000)</u>
Income tax expenses	<u>\$ 213,386</u>	<u>276,358</u>

Income tax benefit recognized in other comprehensive income:

	<u>2022</u>	<u>2021</u>
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement from defined benefit plans	<u>\$ (5,207)</u>	<u>635</u>

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

	<u>2022</u>	<u>2021</u>
Profit excluding income tax	<u>\$ 256,978</u>	<u>338,603</u>
Income tax using the domestic tax rate of each company	\$ 94,199	3,740
Permanent differences-the share of loss (gain) of domestic subsidiaries, etc.	(90,181)	43,350
Change in unrecognized temporary differences	107,051	95,645
Over provision in prior periods	(8,984)	(20,255)
5% surtax on unappropriated earnings	22,595	3,549
Income basic tax	<u>88,706</u>	<u>150,329</u>
Total	<u>\$ 213,386</u>	<u>276,358</u>

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>2022.12.31</u>	<u>2021.12.31</u>
Deductible Temporary Differences	\$ 715	880
Tax losses	<u>1,023,107</u>	<u>865,066</u>
	<u>\$ 1,023,822</u>	<u>865,946</u>

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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, 2022, 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>
2013	\$ 4,733	2023
2014	6,578	2024
2015	14,576	2025
2016	41,294	2026
2017	1,099,748	2027
2018	2,098,448	2028
2019	226,088	2029
2020	334,312	2030
2021	557,426	2031
2022	732,330	2032
	<u>\$ 5,115,533</u>	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 are as follows:

	<u>Bad debt Expense</u>	<u>Unrealized Gain (Loss) of Investment</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Liabilities:				
Balance at January 1, 2022	\$ -	-	1,408	1,408
Debited (Credited) Income statement	-	-	214	214
Debited (Credited) Other Comprehensive Income	-	-	5,207	5,207
Balance at December 31, 2022	<u>\$ -</u>	<u>-</u>	<u>6,829</u>	<u>6,829</u>
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>

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	<u>Bad debt Expense</u>	<u>Unrealized Gain (Loss) of Investment</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Assets:				
Balance at January 1, 2022	\$ 43,799	32,520	44,416	120,735
(Debited) Credited Income statement	<u>35,319</u>	<u>(1,306)</u>	<u>(5,806)</u>	<u>28,207</u>
Balance at December 31, 2022	<u>\$ 79,118</u>	<u>31,214</u>	<u>38,610</u>	<u>148,942</u>
Balance at January 1, 2021	\$ -	28,492	15,637	44,129
Acquired in a 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	<u>-</u>	<u>-</u>	<u>122</u>	<u>122</u>
Balance at December 31, 2021	<u>\$ 43,799</u>	<u>32,520</u>	<u>44,416</u>	<u>120,735</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, 2022 and 2021, the total value of nominal ordinary shares amounted to \$2,000,000 thousand. The face value of each share is \$10. There were 128,163 thousand and 127,416 thousand of ordinary shares issued, respectively. (including the issuance of the employee restricted shares amounted to 529 thousand and 880 thousand shares as of December 31, 2022 and 2021, 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.

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 been completed.

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1. Capital surplus

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Share capital	\$ 2,600,396	2,600,396
Conversion premium	119,798	119,798
Difference between consideration and carrying amount of subsidiaries acquired or disposed	1,714,997	1,714,997
Changes in equity of subsidiaries	410,517	92,488
Changes in equity of investment in associates and joint ventures accounted for using the equity method	3,934	3,934
Issuance of convertible bonds	129,737	129,737
Share based payment transactions—employee restricted shares	29,579	29,369
Share based payment transactions—treasury stock	<u>2,138</u>	<u>2,138</u>
Total	<u>\$ 5,011,096</u>	<u>4,692,857</u>

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

2. Retained earnings

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

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

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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 2021 that had been approved in the meeting of the board of directors on March 23, 2022 was \$63,817 thousand. 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. Relevant information would be available at the Market Observation Post System website.

3. Treasury shares

On March 16, 2021, the Board of Directors of the Company resolved to repurchase its ordinary shares from the centralized securities exchange market, in order to transfer to employees, at price between \$60 and \$110 per share, in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of December 31, 2022, 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.

On May 11, 2022, 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 \$70 and \$125 per share, in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of December 31, 2022, a total of 1,900 thousand shares have been bought back at a cost of \$133,140 thousand. The cost does not exceed the upper limit amount \$286,781 thousand approved by the Board of Directors.

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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, 2022	\$ (12,414)	202,896	(7,896)
Exchange differences on foreign operations	3,162	-	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(46,851)	-
Share-based payment transactions	-	-	7,855
Balance at December 31, 2022	<u>\$ (9,252)</u>	<u>156,045</u>	<u>(41)</u>
Balance at January 1, 2021	\$ (116,979)	76,811	(24,042)
Exchange differences on foreign operations	104,565	-	-
Unrealized gains 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>

5. Non-controlling Interests

	2022	2021
Balance at January 1	\$ 1,327,580	724,356
Shares of non-controlling interests		
Gain (loss) for the ended December 31	96,386	(35,197)
Foreign currency translation differences for foreign operations	1,132	(143,128)
Unrealized gains from financial assets measured at fair value through other comprehensive income	33,008	-
Changes in ownership interests in subsidiaries	556,285	10,498
Changes in non-controlling interests	47,803	771,051
Balance at December 31	<u>\$ 2,062,194</u>	<u>1,327,580</u>

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(s) Share-based payment

The Group had two share-based payment arrangements as follows as of December 31, 2022:

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, 2022, the employees who were 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 571 thousand shares. The relevant statutory registration procedures have been completed.

2. Share-based payment transactions

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

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

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1) Determining the fair value of equity instruments granted

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

	<u>Treasury stocks transferred to employees</u>	<u>Treasury stocks transferred to employees</u>	<u>Subsidiaries' employee stock options</u>
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)

	<u>For the years ended December 31,</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Weighted- average exercise price</u>	<u>Numbers of options</u>	<u>Weighted- average exercise price</u>	<u>Numbers of options</u>
Balance, beginning of January 1	USD 0.09	15,990	USD 0.09	17,468
Options granted	-	-	-	351
Options forfeited	-	(15,990)	-	(1,478)
Options exercised	-	-	-	(351)
Options expired	-	-	-	-
Balance, end of December 31	-	<u>-</u>	0.09	<u>15,990</u>
Options exercisable, end of December 31	-	<u>-</u>	-	<u>15,990</u>

On April 1, 2022, the Board of Directors resolved to repurchase the remaining employee stock options with \$19,271 thousand in cash.

3. Expenses and liabilities resulted from share-based payments

The incurred expenses from share-based payments transactions for the years ended December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Salary expenses	<u>\$ 4,555</u>	<u>28,424</u>

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(t) Earnings per share

The Company calculated the basic and diluted EPS as follows:

1. Basic earnings per share (NT dollars)

	2022	2021
Profit attributable to common stockholders of the Company	<u>\$ (52,794)</u>	<u>97,442</u>
Weighted-average number of ordinary shares	<u>126,353</u>	<u>116,588</u>
Basic earnings per share (NT dollars)	<u>\$ (0.42)</u>	<u>0.84</u>

2. Diluted earnings per share (NT dollars)

	2021
Profit attributable to common stockholders of the Company	\$ 97,442
Interest expense on convertible bonds, net of tax	<u>6,505</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 103,947</u>
Weighted-average number of ordinary shares (basic)	116,588
Unvested employee restricted shares	969
Influence of conversion of convertible bonds	12,801
Effect of employee stock compensation	<u>231</u>
Weighted-average number of ordinary shares (diluted)	<u>130,589</u>
Diluted earnings per share (NT Dollar)	<u>\$ 0.80</u>

Due to the net loss after tax of the Group in 2022, when calculating the potential items of diluted earnings per share, it will have an anti-dilutive effect. Therefore, the diluted earnings per share is excluded.

(u) Revenue from contracts with customers

	2022	2021
Revenue of electronic commerce	\$ 44,917,092	48,149,317
Revenue of non-electronic commerce	<u>1,183,351</u>	<u>430,050</u>
	<u>\$ 46,100,443</u>	<u>48,579,367</u>

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

For details on contract liabilities, please refer to Note (6)(m).

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were \$486,786 thousand and \$554,103 thousand, respectively.

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(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, 2022 and 2021, the Company estimated its employee remuneration amounting to \$2,352 thousand and \$23,702 thousand, and directors' and supervisors' remuneration amounting to \$264 thousand and \$2,660 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, 2021, there is no difference between the estimated employees' and directors' remuneration which was stated in the financial statements.

(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 21,641	9,151
Other interest income		
Interest income on lease receivable	122	38
Other	<u>339</u>	<u>424</u>
Total interest income	<u>\$ 22,102</u>	<u>9,613</u>

2. Other income

The details of other income were as follows:

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 14,522	15,467
Income from fines and penalties	164,169	32,982
Other income	<u>30,685</u>	<u>28,973</u>
Total other income	<u>\$ 209,376</u>	<u>77,422</u>

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3. Other gains and losses, net

The details of other gains and losses were as follows:

	<u>2022</u>	<u>2021</u>
Gains on disposal of property, plant and equipment	\$ 2,061	(433)
Gains on disposal of investments	3,414	-
Lease modification	153	(5,913)
Foreign currency exchange gains (losses)	23,932	(1,580)
Gains on current financial assets at fair value through profit or loss	139,438	71,694
Others	<u>(2,635)</u>	<u>(1,170)</u>
Other gains and losses, net	<u>\$ 166,363</u>	<u>62,598</u>

4. Finance costs

The details of finance cost were as follows:

<u>2022</u>	<u>2021</u>
<u>\$ 85,650</u>	<u>54,843</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, 2022 and 2021, the maximum exposure to credit risk amounted to \$14,663,604 thousand and \$14,885,591 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>
Balance at December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	\$ 3,362,455	3,362,455	1,944,629	1,417,826	-	-	-
Accounts and notes payable	3,925,764	3,925,764	3,925,764	-	-	-	-
Other payables	1,798,731	1,798,731	1,704,307	94,424	-	-	-
Receipts under custody	1,914,837	1,914,837	1,914,837	-	-	-	-
Lease liability	2,084,863	2,084,863	282,998	274,852	500,684	730,398	295,931
Long-term borrowings	1,371,447	1,379,000	-	1,379,000	-	-	-
Bonds payable	2,246,600	2,246,600	53,792	703,250	990,025	273,833	225,700
Long-term payables	<u>234,612</u>	<u>234,612</u>	<u>-</u>	<u>-</u>	<u>149,878</u>	<u>84,734</u>	<u>-</u>
	<u>\$ 16,939,309</u>	<u>16,946,862</u>	<u>9,826,327</u>	<u>3,869,352</u>	<u>1,640,587</u>	<u>1,088,965</u>	<u>521,631</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
Balance at December 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings	\$ 2,263,667	2,263,667	1,923,167	340,500	-	-	-
Accounts and notes payable	3,924,004	3,924,004	3,924,004	-	-	-	-
Other payables	1,722,756	1,722,756	1,689,077	33,679	-	-	-
Receipts under custody	1,813,698	1,813,698	1,813,698	-	-	-	-
Lease liability	2,137,215	2,137,215	246,605	205,183	425,445	1,061,550	198,432
Long-term borrowings	1,361,536	1,379,000	-	-	1,379,000	-	-
Bonds payable	1,445,100	1,445,100	50,000	176,625	577,500	499,619	141,356
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>

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:

	<u>2022.12.31</u>			<u>2021.12.31</u>		
	<u>Foreign currency (thousands of dollars)</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency (thousands of dollars)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 4,843	30.73	148,824	2,817	27.67	77,949
JPY	45,796	0.2319	10,620	31,795	0.2403	7,640
SGD	786	22.86	17,975	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	190	30.73	5,836	340	27.67	9,397

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, JPY and SGD as of December 31, 2022 and 2021, would have increased or decreased net income by \$6,863 thousand and \$3,048 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, 2022 and 2021.

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, 2022 and 2021, the foreign exchange gain (loss) (including realized and unrealized) were gain \$23,932 thousand and loss \$1,580 thousand, respectively.

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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 \$823 thousand and \$3,455 thousand for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, 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	For the years ended December 31,			
	2022		2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	\$ 6,333	3,121	6,076	1,500
Decreasing 1%	(6,333)	(3,121)	(6,076)	(1,500)

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:

	2022.12.31				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Fair value through profit or loss					
Preferred stock	\$ 390,074	-	-	390,074	390,074
Domestic and foreign convertible bonds	31,356	-	-	31,356	31,356
	<u>\$ 421,430</u>	<u>-</u>	<u>-</u>	<u>421,430</u>	<u>421,430</u>
Fair value through other comprehensive income					
Domestic and foreign stock of non-listed company	\$ 791,590	-	-	791,590	791,590

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	2021.12.31				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Fair value through profit or loss					
Preferred stock	\$ 187,513	-	-	187,513	187,513
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>
Fair value through other comprehensive income					
Domestic stock of non-listed company	\$ 759,546	-	-	759,546	759,546
Foreign convertible bonds	8,336	-	-	8,336	8,336
	<u>\$ 767,882</u>	<u>-</u>	<u>-</u>	<u>767,882</u>	<u>767,882</u>

2) Valuation techniques for financial instruments measured at fair value

2.1) Non-derivative financial instruments

The financial instruments held by the Group are regarded as non-quoted price of the equity instruments. The fair value of the financial instruments is estimated by the comparable listed company market approach. The major assumption is measured by the multiplier which is derived from comparable listed company market approach. The effect of the estimation has been adjusted by the lack of market liquidity discounted rate.

2.2) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models.

3) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income
Opening balance, January 1, 2022	\$ 244,226	767,882
Purchased	55,731	37,552
Derecognized	(17,965)	-
Total gains and losses recognized:		
In profit or loss	139,438	-
In other comprehensive income	-	(13,844)
Ending Balance, December 31, 2022	<u>\$ 421,430</u>	<u>791,590</u>

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	Fair value through profit or loss	Fair value through other comprehensive income
Opening balance, January 1, 2021	\$ 101,813	248,425
Purchased	93,759	393,372
Derecognized	(23,040)	-
Total gains and losses recognized:		
In profit or loss	71,694	-
In other comprehensive loss	-	126,085
Ending Balance, December 31, 2021	\$ 244,226	767,882

For the years ended December 31, 2022 and 2021, 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:

	2022	2021
Total gains and losses recognized:		
In other gains and losses	\$ 139,438	71,694
In other comprehensive income, and including “unrealized gains and losses from fair value through other comprehensive income”	(13,844)	126,085

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.

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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 (December 31, 2022 and December 31, 2021 were 49.21% and 53.46%, respectively.)	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	Liquidity discounted rate (December 31, 2022 and December 31, 2021 were 28.05%~30% and 22.36%~58.06%, respectively.)	The estimated fair value would increase (decrease) if the lack of liquidity discounted rate were lower (higher).
Fair value through other comprehensive income – Equity investments without an active market	Comparable listed company market approach	Market value ratio (December 31, 2022 and December 31, 2021 were 0.73~9.34 and 1.32~9.48, respectively.) Liquidity discounted rate (December 31, 2022 and December 31, 2021 were 8.85%~30% and 14.47%~30%, respectively.)	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
December 31, 2022						
Financial assets at fair value through profit or loss						
Embedded derivative – call options	Volatility	5%	\$ -	-	-	-
Derivative financial instruments	P/S ratio	5%	1,917	(1,917)	-	-
Equity investments without an active market	P/S ratio etc.	5%	21,415	(21,415)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	-	-	30,977	(30,980)
"	Liquidity discounted rate	5%	-	-	48,215	(47,621)
			<u>\$ 23,332</u>	<u>(23,332)</u>	<u>79,192</u>	<u>(78,601)</u>
December 31, 2021						
Financial assets at fair value through profit or loss						
Embedded derivative – call options	Volatility	5%	\$ 200	(200)	-	-
Derivative financial instruments	P/S ratio	5%	2,636	(2,636)	-	-
Equity investments without an active market	P/S ratio etc.	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>

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. Further quantitative disclosures are included throughout these consolidated financial statements.

2. Risk management framework

The Chief Executive Officer'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 and shipping condition 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 Chief Executive Officer's 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, 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 business department. 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 the similar portfolio that 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 Chief Executive Officer’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 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, 2022 and 2021, were 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>2022.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes Others</u>	<u>2022.12.31</u>
Long-term borrowings	\$ 1,445,100	801,500	-	2,246,600
Short-term borrowings	2,263,667	1,098,788	-	3,362,455
Lease liabilities	2,137,215	(544,003)	491,651	2,084,863
Bonds payable	<u>1,361,536</u>	<u>-</u>	<u>9,911</u>	<u>1,371,447</u>
Total liabilities from financing activities	<u>\$ 7,207,518</u>	<u>1,356,285</u>	<u>501,562</u>	<u>9,065,365</u>
			<u>Non-cash changes Others</u>	
	<u>2021.1.1</u>	<u>Cash flows</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>

(7) Related-Party Transactions

(a) Ultimate controlling party

The Company is the ultimate controlling party of the Group.

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(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	"
Cherri Tech Inc. (Note)	"
SHANG-ENINFO CO., LTD	"
UPN Information Co., Ltd.	"
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.	"

Note: Cherri Tech Inc. was an associate of the Company. The Group gained control over it and became its subsidiary on July 29, 2022.

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>2022</u>	<u>2021</u>
Associates	\$ <u> -</u>	<u> 936</u>

2. Purchases

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

	<u>2022</u>	<u>2021</u>
Other related parties	\$ <u> 21</u>	<u> 483</u>

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

3. Receivables from related parties

The receivables from related parties were as follows:

Item	Related party categories	2022.12.31	2021.12.31
Lease receivable	Associates	\$ 8,153	-
Other receivables	Associates	86	1,422
Other receivables	Other related parties	-	8,512
Other receivables (Note)	Other related parties	39,563	22,249
		\$ 47,802	32,183

Note: For the years ended December 31, 2022 and 2021, the collections and payments generated by exchanging points of the Group amounted to \$106,678 thousand and \$121,527 thousand, respectively. As of December 31, 2022 and 2021, the carrying amount was recognized under other receivables.

4. Payables to related parties

Item	Related party categories	2022.12.31	2021.12.31
Other payables	Other related parties	\$ 419	459

5. Other

Item	Related party categories	2022	2021
Operating cost	Other related parties	\$ 10	-
Operating expenses	An associate	214	-
Operating expenses	Other related parties	3,385	2,983
Other operating income	An associate	90	61
Other operating income	Other related parties	917	292

6. Loans to related parties

The loans to related parties were as follows:

	2022.12.31	2021.12.31
Other related parties-Miho International Cosmetic Co., Ltd.	\$ -	8,500

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

For the year ended December 31, 2022 and 2021, interest revenue from loans receivable from related parties amounted to \$24 thousand and \$116 thousand, respectively.

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7. Borrowings from Related Parties

The borrowings from related parties were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Wei Ting Shi Ye Co., Ltd.	\$ 109,621	5,000
Te Wei Co., Ltd.	162,621	58,000
Ming Yu Qi Ye Co., Ltd.	197,965	100,000
Chou, Yi Ming	251,318	283,000
Zhang, Man Ling	-	176,000
Other related parties	-	19,000
	<u>\$ 721,525</u>	<u>641,000</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, 2022 and 2021, the amount of short-term borrowings were \$0 thousand and \$220,000 thousand, respectively, and the amount of long-term borrowings were \$721,525 thousand and \$421,000 thousand, respectively.

For the years ended December 31, 2022 and 2021, interest cost and interest expenses of the Group were \$16,118 thousand, \$0 thousand, \$7,425 thousand and \$1,505 thousand, respectively.

8. Leases

In July 2021, the Group rented an office building in Taichung from Wei Ting Shi Ye Co., Ltd. A three-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$3,888 thousand. For the year ended December 31, 2022, the Group recognized the amounts of \$50 thousand as interest expenses. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to \$1,822 thousand and \$3,006 thousand, respectively, and refundable deposit both amounted to \$216 thousand.

In January 2022, the Group rented an office building in Kaohsiung from 21st Century Zi-Rong Co., Ltd. A fourteen-month lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$588 thousand. For the year ended December 31, 2022, the Group recognized the amounts of \$7 thousand as interest expenses. As of December 31, 2022, the balance of lease liabilities and refundable deposit amounted to \$80 thousand and \$84 thousand, respectively.

In January 2022, the Group rented an office building in Taipei from Yu Xin Guo Ji Co., Ltd. A one-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates and the contract was extended for 2 years in 2023. The total value of the contract was \$1,780 thousand. For the year ended December 31, 2022, the Group recognized the amounts of \$6 thousand as interest expenses. As of December 31, 2022, the balance of lease liabilities amounted to \$1,091 thousand.

In May 2022, the Group rented an office building in Taipei from Lian Hong Shih Ye Ltd. A one-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$2,134 thousand. For the year ended December 31, 2022, the Group recognized the amounts of \$23 thousand as interest expenses. As of December 31, 2022, the balance of lease liabilities amounted to \$1,336 thousand.

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9. As of December 31, 2022 and 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 \$2,376,875 thousand and \$2,228,500 thousand, respectively.

(d) Transactions with key management personnel

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	\$ <u>116,673</u>	<u>106,872</u>

(8) Restricted Assets:

The following assets were restricted in use:

Assets	Purpose of Pledge	2022.12.31	2021.12.31
Bank deposit-current (recognized under other current financial assets)	Security for performance, purchase guarantee, loans with certificate of deposits and corporate bonds guarantee	\$ 842,223	630,697
Refundable deposit (recognized under other non-current financial assets)	Security for provisional seizure, etc. deposits for office rental and bank loans	<u>217,762</u>	<u>204,531</u>
		<u>\$ 1,059,985</u>	<u>835,228</u>

(9) Significant Contingencies and Commitments:

- (a) The agreement with a non-related party for internet phone services entered into in July 2004 was renewed on April 1, 2009. Pursuant to the newly revised agreement, the net revenue from these services is allocated each month between the parties by a set ratio. As the Company sold its internet phone services to Linktel Inc. (with 100% shareholding) on March 1, 2011, Linktel Inc. and the Company signed a contract with the non-related party in which the Company acts as the guarantor of the non-related party at all times and during the term of the agreement.
- (b) As of December 31, 2022 and 2021, notes payable deposited as guarantee for commercial vehicle and office and building leases were \$300,146 thousand and \$247,691 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 both having a guarantee limit of \$10,000 thousand as of December 31, 2022 and 2021, respectively.
- (d) As of December 31, 2022 and 2021, 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 \$3,110,726 thousand and \$3,127,150 thousand, respectively.

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- (e) The Group will rent 15 warehouse units located in The Post Logistic Center, Post Logic Park from Chunghwa Post Co., Ltd. in February, 2023 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, 2022 and 2021, the Group has paid \$139,660 thousand and \$432,427 thousand for acquiring property, plant and equipment, and unrecognized relevant contractual commitments of the acquisition of property, plant and equipment amounting were 1,244,421 thousand and \$1,352,570 thousand, respectively.
- (g) As of December 31, 2022 and 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 were \$314,251 thousand and \$288,743 thousand, respectively.
- (h) As of December 31, 2022 and 2021, 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 were \$1,379,000 thousand and \$1,500,000 thousand, respectively.
- (i) As of December 31, 2022, due to the performance of the contract, the guaranteed notes payable made by the Group is \$2,360,000 thousand and \$1,324,000 thousand, respectively.

(10) Significant Catastrophic Losses:None

(11) Significant Subsequent Events:

- (a) The Company and its significant subsidiaries, PChome Store Inc. ("PChome Store") and PChome eBay Co. Ltd., ("PChome eBay"), respectively, were approved by the Board of Directors on February 21, 2023. PChome Store is expected to issue 75,500 thousand ordinary shares at a face value of \$10 per share, with an estimated proceeds of \$755,000 thousand. 58,724 thousand shares and 16,776 thousand shares were subscribed by the Company and PChome eBay, respectively, at the amount of \$587,239 thousand and \$167,761 thousand, respectively. In addition, the Company passed a reorganization proposal on February 21, 2023 of the Group by a resolution of the Board to accelerate the integration of the Group's resources and improves its financial structure. The Company resolved to participate in the share equity trading case in PChome Store for completing the organizational and commercial restructuring. Upon completion of reorganization, PChome Store will become a wholly owned subsidiary of PChome eBay.
- (b) In order for the Company to increase its cash capital, a resolution had been approved during the boardmeeting held on February 21, 2023 for the Company to issue 8,000 thousand to 16,000 thousand new shares.

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(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, 2022			For the year ended December 31, 2021		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	302,959	1,641,111	1,944,070	256,096	1,600,187	1,856,283
Labor and health insurance	34,649	171,618	206,267	28,476	155,655	184,131
Pension	15,383	88,124	103,507	12,344	78,332	90,676
Others employee benefits	15,470	105,292	120,762	11,810	100,849	112,659
Depreciation	73,222	679,901	753,123	67,029	644,022	711,051
Amortization	101	105,352	105,453	265	41,444	41,709

(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, 2022:

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	-	-	- %	2	-	Business turnover	-	-	-	2,551,187	2,551,187
0	"	21st Century Technology Co., Ltd.	Other receivables	Yes	350,000	350,000	350,000	2.75 %	2	-	Business turnover	-	Repayment of promissory note	350,000	2,551,187	2,551,187
1	21st Century Digital Technology Co., Ltd.	21st Century Technology Co., Ltd.	Other receivables	Yes	330,000	330,000	137,350	2.75 %	2	-	Business turnover	-	Repayment of promissory note	100,000	528,560	528,560
1	21st Century Technology Co., Ltd.	21st Century Digital Technology Co., Ltd.	Other receivables	Yes	100,000	-	-	- %	2	-	Business turnover	-	-	-	811,193	811,193

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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	21st Century Technology Co., Ltd.	21st FinancialTec hology Co., Ltd	Other receivables	Yes	1,100	-	-	- %	2	-	Business turnover	-		-	811,193	811,193
1	PChome eBay Co., Ltd.	PChome US Inc.	Other receivables	Yes	15,000	-	-	- %	2	-	Business turnover	-		-	393,501	393,501

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	3,188,984	10,000	10,000	-	-	0.16 %	6,377,968	Y	N	N
0	"	PChome Express Co., Ltd.	2	3,188,984	50,000	50,000	-	-	0.78 %	6,377,968	Y	N	N
0	"	PChome Store Inc.	2	3,188,984	325,000	325,000	325,000	-	5.10 %	6,377,968	Y	N	N
0	"	PChome Bibian Inc.	2	3,188,984	347,850	347,850	150,735	-	5.45 %	6,377,968	Y	N	N
0	The Company	Pi Mobile Technology Inc	1	956,695	300,000	300,000	300,000	-	4.70 %	6,377,968	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.

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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				Peak Holding	Note
				Number	Book value	Percentage	Market value	Percentage	
	Common Stock:								
PChome Online Inc.	Syspower Corporation	-	FVOCI	906,335	22,378	3.72 %	22,378	3.72 %	
"	Openfind	-	"	800,000	47,720	6.22 %	47,720	6.22 %	
"	Information Technology, Inc.	-	"						
"	Career Consulting Co., Ltd.	-	"	113,005	3,206	0.72 %	3,206	0.72 %	
"	ECROWD MEDIA INC.	-	"	3,725,645	38,076	18.39 %	38,076	18.39 %	
"	IPEVO Corp.	-	"	1,958,018	69,177	7.19 %	69,177	7.19 %	
"	Famicloud Inc.	-	"	57,000	909	0.81 %	909	1.14 %	
"	Taiwan Advance Intelligent Tech. Co., Ltd.	-	"	1,732,102	2,113	4.75 %	2,113	4.75 %	
"	Miho International Cosmetic Co., Ltd.	-	"	7,500,000	77,925	8.09 %	77,925	8.09 %	
"	PayEasy Ltd.	-	"	1,376,668	37,551	12.52 %	37,551	12.52 %	
"	17Life Ltd.	-	"	1,126,049	1	6.26 %	1	6.26 %	
"	Influenxio Limited	-	"	9,915	5,707	3.51 %	5,707	3.51 %	
"	Mdata Group Co., LTD.	-	"	126,011	21,127	2.86 %	21,127	2.96 %	
"	AccuHit Tech Holdings Limited	-	"	416,667	17,551	3.66 %	17,551	3.66 %	
	Preferred stocks:								
"	Pickupp Limited	-	"	650,644	95,760	3.17 %	95,760	3.17 %	
"	FunNow Ltd.	-	"	130,662	41,767	2.71 %	41,767	2.71 %	
"	AccuHit Tech Holdings Limited	-	"	1,400,000	127,289	12.28 %	127,289	12.28 %	
"	Our Agriculture Inc.	-	"	3,212,121	10,053	2.49 %	10,053	2.49 %	
	Common Stock:								
Pi Mobile Technology Inc.	All Win Fintech Company Limited	-	FVOCI	11,400,000	173,280	15.00 %	173,280	15.00 %	
Linktel Inc.	Eastern Online Co., Ltd.	-	FVTPL	118,750	-	2.46 %	-	2.46 %	
"	Taiwan Star Telecom Co., Ltd.	-	"	3,942	-	- %	-	- %	
	Convertible bonds:								
Chunghwa PChome Fund 1 Co., Ltd.	Tresl Inc.	-	"	-	8,640	- %	8,640	- %	
"	WORCA INC.	-	"	-	22,716	- %	22,716	- %	
	Preferred stocks:								
"	Instill Ai Ltd.	-	"	6,262	4,202	3.60 %	4,202	3.60 %	
"	FP International Limited	-	"	56,050	5,115	2.39 %	5,115	2.47 %	
"	Ecommerce Enablers Pte. Ltd.	-	"	142,813	29,606	0.15 %	29,606	0.26 %	
"	USPACE Tech Co., Ltd.	-	"	1,226,016	31,889	6.16 %	31,889	17.20 %	
"	Our Agriculture Inc.	-	"	11,682,828	25,541	8.92 %	25,541	8.92 %	

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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	
Chunghwa PChome Fund 1 Co., Ltd.	Green Future Tech Inc.	-	FVTPL	312,300	45,734	2.29 %	45,734	2.29 %	
"	Pickupp Limited	-	"	131,179	17,341	0.64 %	17,341	0.72 %	
"	Return Helper Limited	-	"	4,168	9,755	10.87 %	9,755	12.20 %	
"	Aiello Inc.	-	"	6,836,545	21,113	3.29 %	21,113	3.36 %	
"	Haulio Investment Holdings Pte. Ltd.	-	"	362,189	5,558	0.91 %	5,558	0.93 %	
"	GoFreight Inc.	-	"	165,020	179,503	5.02 %	179,503	5.07 %	
"	Traveler Co., Ltd.	-	"	10,000	14,717	0.61 %	14,717	0.61 %	

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
21st Century Technology Co., Ltd.	Cherri Tech Inc.	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:

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions			Account/note receivable (payable)		Notes
			Purchase /Sale	Amount	Percentage of total purchases /sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)		
PChome Online Inc.	PChome eBay Co., Ltd.	Subsidiary	Purchase	121,145	0.32 %	Net 30 days	-	-	(14,703)	0.38 %		

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

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8. Accounts receivable from related parties for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:

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

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	357,511	- %	-		357,511	-
"	21st Century Technology Co., Ltd.	"	350,817	- %	-		350,817	-
21st Century Digital Technology Co., Ltd.	21st Century Technology Co., Ltd.	Sub-subsidiary	158,172	- %	-		101,380	-

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

10. Business relationships and significant inter-company transactions:

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

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	PChome Online Inc.	Pi Mobile Technology Inc.	1	Accounts receivable	357,511	Usual terms and conditions	1.35 %
0	"	21st Century Technology Co., Ltd.	1	Other receivables	350,817	Usual terms and conditions	1.32 %

Note 1: For the inter-company business relationship and transaction condition in the "No." column, the labeling method is as follows:

- Parent company labeled 0.
- Subsidiaries labeled in number sequence from 1.

Note 2: Relationship is classified into three types:

- Parent company to subsidiary
- Subsidiary to parent company
- Subsidiary to subsidiary

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

Note 4: The Group did not disclose other transactions for which the proportion did not reach one percentage of the consolidated revenue or assets.

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

- (b) Information on investees:

For the years ended December 31, 2022, 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	5,405,462	100.00 %	59,882	100.00 %	1,748	1,748	Note 1
"	Linktel Inc.	"	Type II Telecommunications Business	125,000	125,000	6,831,604	100.00 %	25,417	100.00 %	(25,999)	(25,999)	"
"	PC HOME ONLINE INTERNATIONAL CO., LTD.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	1,662	100.00 %	(936)	(936)	"

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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 Online Inc.	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	47,439	47,439	3,035,115	26.47 %	50,955	26.47 %	71,441	18,911	
"	PChome Store Inc.	"	Internet services	326,494	326,494	8	44.45 %	(334,044)	44.45 %	(36,808)	(12,719)	Note 1
"	PCHOME US INC.	United States of America	E-commerce platform	134,065	134,065	45,800,000	91.97 %	5,338	91.97 %	(1,010)	(929)	"
"	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	-	394,564	-	- %	-	31.44 %	(240,030)	-	"
"	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	131,875	131,875	13,249,999	66.25 %	16,043	66.25 %	(27,546)	(18,249)	"
"	PChome Travel Inc.	Taiwan	Travel agency business	36,000	36,000	3,600,000	100.00 %	13,192	100.00 %	(5,472)	(5,472)	"
"	PChome Financial Technology Inc.	"	Information service	10,000	10,000	1,000,000	100.00 %	3,856	100.00 %	(98)	(98)	"
"	PChome Holding Inc.	British Virgin Islands	Investment activities	1,043,763	1,043,763	313,951,718	100.00 %	(227,336)	100.00 %	(14,764)	(14,764)	"
"	PChome Express Co., Ltd.	Taiwan	Transportation and logistics	200,000	200,000	20,000,000	100.00 %	139,469	100.00 %	(7,276)	(7,276)	"
"	Chunghua PChome Fund 1 Co., Ltd.	"	Investment activities	200,000	200,000	20,000,000	50.00 %	277,776	50.00 %	134,277	67,139	"
"	Cornerstone Ventures Co., Ltd.	"	Investment activities	5,100	5,100	510,000	51.00 %	7,018	51.00 %	315	161	"
"	PChome CB Co., Ltd.	"	E-commerce cross-border services	140,000	140,000	14,000,000	70.00 %	159,651	70.00 %	33,557	23,490	"
"	Mitch Co., Ltd.	"	Clothing sales	162,000	162,000	6,240,000	60.00 %	16,634	60.00 %	(75,891)	(45,535)	"
"	YunTan technology Inc.	"	Information processing and provision of electronic information	54,250	54,250	1,261,628	70.00 %	39,888	70.00 %	(10,318)	(9,230)	Note 1&2
"	21st Century Technology Co., Ltd.	"	Financial Technology Services	5,192,546	4,030,020	24,139,099	43.63 %	4,518,859	47.56 %	104,380	20,165	"
"	PChome Data Technology Co., Ltd.	"	Information processing and provision of electronic information	5,000	5,000	500,000	100.00 %	4,429	100.00 %	(520)	(520)	Note 1
"	PIN Technology Inc.	"	Information processing and provision of electronic information	10,000	-	1,000,000	100.00 %	9,727	100.00 %	(273)	(232)	"
"	UPN Information Co., Ltd.	Cayman Islands	Investment activities	224,262	-	400,001	40.00 %	218,121	40.00 %	(14,616)	(5,884)	"
"	EC Global Limited	Hong Kong	Investment activities	6,338	6,338	7,494,642	100.00 %	6,715	100.00 %	(157)	(157)	Note 1
"	RUTEN GLOBAL INC.	Cayman Islands	Investment activities	-	1,096,041	-	- %	-	100.00 %	42,022	42,022	"
"	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	-	27,300,000	65.00 %	562,353	65.00 %	133,923	48,356	"
"	Ruten Japan KK	Japan	Information processing and provision of electronic information	9,830	9,830	36,044,850	28.49 %	2,776	28.49 %	(15,904)	(4,531)	"
PChome eBay Co., Ltd.	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	-	205,200	-	- %	-	3.06 %	(240,030)	-	Note 1
"	PChome Store Inc.	"	Internet services	632,258	632,258	4	22.22 %	(40,694)	22.22 %	(36,808)	(8,157)	"
"	ECOSMOS PTE. LTD.	Singapore	Information processing and provision of electronic information	9,153	9,153	3,300,000	100.00 %	8,976	100.00 %	(687)	(687)	"
"	21st Century Technology Co., Ltd.	Taiwan	Financial Technology Services	224,592	112,296	778,131	1.41 %	28,595	1.53 %	104,380	1,523	"

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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				
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 %	3,445	100.00 %	(813)	(813)	Note 1
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 %	6,494	100.00 %	(427)	(427)	"
Ruten Global Inc.	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	-	779,688	-	- %	-	65.00 %	133,923	38,693	"
PChome Holding Inc.	PChome Marketplace Inc.	Cayman Islands	Investment activities	1,043,763	1,043,763	38,335,000	100.00 %	1,109,581	100.00 %	(14,655)	(14,655)	"
PChome Marketplace Inc.	PChome Japan KK	Japan	International trading E-commerce	37,580	37,580	43,500,000	100.00 %	(12,759)	100.00 %	(1,247)	(1,247)	"
"	PChome Store Inc.	Taiwan	Internet services	998,758	998,758	6	33.33 %	(350,964)	35.78 %	(36,808)	(13,152)	"
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	"	Internet services	127,000	127,000	2,900,000	100.00 %	140,840	100.00 %	4,306	4,306	"
"	PCHOME CB PTE. LTD.	Singapore	Internet services	59,698	59,698	190,000	100.00 %	74,636	100.00 %	29,522	29,522	"
PCHOME CB PTE. LTD.	PChome Bibian Inc.	Japan	E-commerce cross-border services	51,069	51,069	18,000,000	100.00 %	68,206	100.00 %	29,584	29,584	"
YunTan technology Inc.	insure insurance broker Inc.	Taiwan	Insurance brokers	38,600	38,600	4,500,000	100.00 %	6,889	100.00 %	(10,178)	(10,178)	"
21st Century Technology Co., Ltd.	21st Century Digital Technology Co., Ltd.	"	Financial Technology Services	-	1,000	-	- %	-	100.00 %	313,625	253,609	"
"	Pi Mobile Technology Inc.	"	Online payment processing services	133,206	1,971,615	2,441,860	5.25 %	13,501	99.49 %	(240,030)	(216,242)	"
"	21st Financial Technology Co., Ltd	Cayman Islands	Investment activities	1,468,741	-	51,167,407	100.00 %	1,563,745	100.00 %	39,138	39,138	"
"	FAN7 TOUR CO., LTD.	Taiwan	Travel agency business	-	6,000	-	- %	-	100.00 %	(370)	(61)	"
"	Cherri Tech, Inc.	"	Financial technology services and indirect investment activities	2,155,114	-	2,136,310	100.00 %	1,793,068	100.00 %	(34,335)	(19,640)	"
21st Financial Technology Co., Ltd.	Pi Mobile Technology Inc.	"	Online payment processing services	6,438	-	43,819,006	94.24 %	242,345	94.24 %	(240,030)	(20,878)	"
"	21st Century Digital Technology Co., Ltd.	"	Financial Technology Services	39,161	-	120,100,000	100.00 %	1,321,401	100.00 %	313,625	60,016	"
21st Century Digital Technology Co., Ltd.	FAN7 TOUR CO., LTD.	"	Travel agency business	6,000	-	600,000	100.00 %	4,207	100.00 %	(370)	(309)	"
Pi Mobile Technology Inc.	Pay and Link Inc.	"	Electronic payment business	710,388	500,388	50,100,000	100.00 %	459,541	100.00 %	(39,384)	(39,384)	"
"	Yun Tung Bao International Co., Ltd.	"	Online payment processing services	3,000	3,000	300,000	100.00 %	2,498	100.00 %	(47)	(47)	"
Cherri Tech, Inc.	Japan Cherri KK	Japan	Financial Technology Services	8,283	-	600	60.00 %	1,459	60.00 %	(6,707)	(4,024)	"

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 2: Investment gains and losses recognized for the period include the amortization of investment premiums.

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

(c) Information on investment in Mainland China:

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

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period (Note 3)	Approved investment (amount) by Ministry of Economic Affairs Investment Commission(Note 3)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission
-	59,309	5,064,097

Note 1: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 30.73 at the year ended December 31, 2022.

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, 2022, 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	14.75 %
LGT Bank (Singapore) Investment Fund under the Custody of Standard Chartered		6,776,000	5.28 %

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, 2022. 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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(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.

(a) 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:

	2022	E-Commerce-Sales	Market Place	Fintech	Other segment	Adjustments and Eliminations	Others	Consolidated
Revenue:								
Non-inter-company revenue	\$	42,855,757	1,210,966	1,162,482	871,238	-	-	46,100,443
Inter-company revenue		40,550	164,843	169,715	429,821	(804,929)	-	-
Total Revenue	\$	42,896,307	1,375,809	1,332,197	1,301,059	(804,929)	-	46,100,443
Reportable Segment net operating income (loss)	\$	(31,223)	79,614	62,021	(119,405)	17,588	(69,001)	(60,406)
Income tax expense	\$	84,466	(4,542)	112,977	20,506	(21)	-	213,386
Depreciation and Amortization		636,866	46,678	31,827	78,480	(4,276)	69,001	858,576
Reportable segment assets	\$	17,043,801	4,079,860	12,072,811	1,975,249	(8,579,671)	-	26,592,050
Reportable segment liabilities	\$	10,665,833	1,596,440	6,317,057	681,107	(1,108,549)	-	18,151,888
	2021							
Revenue:								
Non-inter-company revenue	\$	46,078,777	1,586,412	391,154	523,024	-	-	48,579,367
Inter-company revenue		39,869	65,967	193,180	368,998	(668,014)	-	-
Total Revenue	\$	46,118,646	1,652,379	584,334	892,022	(668,014)	-	48,579,367
Reportable Segment net operating income (loss)	\$	595,414	97,818	(306,055)	(154,249)	23,953	(15,404)	241,477
Income tax expense	\$	221,705	25,790	25,072	3,791	-	-	276,358
Depreciation and Amortization		600,003	49,283	23,162	64,908	-	15,404	752,760
Reportable segment assets	\$	16,856,680	3,468,375	6,119,168	1,789,401	(3,803,098)	-	24,430,526
Reportable segment liabilities	\$	10,529,950	1,721,002	4,848,737	571,779	(895,252)	-	16,776,216

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(b) 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>2022</u>	<u>2021</u>
Revenue of electronic commerce	\$ 44,917,092	48,149,317
Other	1,183,351	430,050
Total	<u>\$ 46,100,443</u>	<u>48,579,367</u>

2. Information about Geographic Areas: None.

3. Information about Major Customers: None.

PChome Online Inc.

Chairman: Hung-Tze Jan