TSE 6776

# Weblink International Inc.

## 2022 Annual Report

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- Name, title, telephone number, and e-mail address of the Company’s spokespersons:

  Spokesperson

  Name: Ming-Chi Cheng — Title: Senior Vice President

  Telephone number: (02)2371600 — E-Mail address: investor.relations@weblink.com.tw

  Acting spokesperson

  Name: Shu-Chin Wang — Title: Senior Manager

  Telephone number: (02)23716000 — E-Mail address: investor.relations@weblink.com.tw

- Address and telephone number of the Company’s headquarters, branch offices, and factories:

| Name | Address | Telephone number |
|---|---|---|
| Headquarters | 2-4F., No.39, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.) | (02)2371-6000 |
| Kaohsiung Branch | 8F.-3, No. 243, Yixin 1st Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.) | (07)335-2116 |
| North District Logistics Center | Building A, No. 209, Sec. 2, Zhongshan S. Rd., Dayuan Dist., Taoyuan City 337, Taiwan (R.O.C.) | (03)381-0381 |
| South District Logistics Center | No. 69, Baoshejia Rd., Dashe Dist., Kaohsiung City 815, Taiwan (R.O.C.) | (07)351-5169 |
| Factory | None | None |

- Address and contact information of the agency handling shares transfer:

  Name: Register & Transfer Agency Department of SinoPac Securities Corporation

  Telephone number: (02)2381-6288

  Address: 3F., No. 17, Bo’ai Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)

  Website: http://www.sinotrade.com.tw/

- Name, address and contact information of auditing certified public accountants in the most recent fiscal year:

  Name of CPAs: Accountant Min-Ju Chao, Accountant Chun-Hsiu Kuan

  Name of the accounting firm: KPMG Taiwan

  Address: 68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)

  Web address: http://www.kpmg.com.tw

  Telephone number: (02)8101-6666

- Overseas Securities Exchange: Not applicable.

- Company’s website: http://www.weblink.com.tw/

# DISCLAIMER

This is a translation of the 2022 Annual Report of Weblink International Inc. (the "Company"). The translation is intended for reference only and nothing else, the Company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese text of the Annual Report shall govern any and all matters related to the interpretation of the subject matter stated herein.

# 1 Report to the Shareholders

Even though the Covid-19 epidemic was still severe in the second half of 2022, with a high proportion of fully vaccinated people, many countries around the world have already opened up gradually and aimed for life to return to normal from the fourth quarter. Given such circumstances, the sales volume of products well-sold thanks to the demand from the stay-at-home economy driven by last year's pandemic, such as products for office, the Internet, and entertainment, has significantly declined this year. On top of that, there have been effects of inflation. Although Taiwan's central bank has not raised interest rates significantly, the inflation's psychological impacts have shadowed consumers' minds, reducing their non-essential consumption. This phenomenon can almost be seen in the second half of 2022.

Under the impact of market tightening pressure, all company employees continue to create excellent business results through digital marketing and virtual-real integration of business models. In 2022, with an annual growth rate of 9.3%, the consolidated revenue will reach NT$23.28 billion. The net operating profit will be NT$523 million, an increase of 64.8% year-on-year, net profit after tax reached NT$415 million, and a profit margin of 1.78%; earnings per share (EPS) was NT$5.09.

## Operating results

(1) Information hardware shipments return to pre-pandemic levels

In 2022, with the pandemic lockdown lifted, the demand from enterprises for information security, cloud equipment, and the needs from government projects, the commercial market grew compared to 2021. However, the consumer market still benefited from the economic dividends of staying at home due to the pandemic in the first half of 2022; however, given the fact that the global economy was weakened, the US dollar appreciated, and consumer behavior was shifted to tourism and catering after the pandemic lockdown was lifted, which led to a decline in demand in the consumer market.

(2) Continue to expand the home appliance business

The government provides several energy-saving subsidy discounts, increasing the purchase of home appliances and creating good results. In addition, we will distribute more brands and expand the household appliances item we can sell to continue expanding our performance.

(3) Focus on cloud and information security software

With the advent of the digital age, enterprises need to improve their competitiveness through digital transformation. The operating process must be more flexible and quickly respond to market changes. Therefore, cloud and data center applications will support enterprise transformation. The demand for cloud and information security products also increased.

(4) Slow down the decline in game console sales

It is the sixth year since the launch of SWITCH consoles in Taiwan, and the market saturation is already high. In order to mitigate the decline in sales, in addition to launching new consoles or software, supplemented by a digital marketing and virtual-reality integration strategy, to continue stimulating the demand for new purchases and replacements and actively seize other reseller Markets. In addition, in terms of accessories and new software, there are also trial games to boost buying momentum.

## Financial performance

| Item Fiscal year | 2022 | 2021 | Rate of change |
|---|---|---|---|
| Revenue | 23,281,994 | 21,299,939 | 9.3% |
| Operating income | 522,879 | 317,382 | 64.7% |
| Non-operating income | 20,237 | 94,703 | -78.6% |
| Profit before income tax | 441,450 | 412,085 | 7.1% |
| Net income after tax | 415,049 | 340,918 | 21.7% |

| Item Fiscal year | 2022 | 2021 |
|---|---|---|
| Debt ratio | 66.8% | 68.9% |
| Return on equity | 21.3% | 20.1% |
| Net profit margin | 1.78% | 1.6% |
| Earnings per share (EPS) | 5.09 | 4.28 |

In 2023, under the influence of factors such as inflation, interest rate rise and energy crisis, the global consumption will be restricted. Facing this challenge, the company will take a more positive attitude and innovative mindset, combining digital marketing and virtual-reality integration, create various new opportunities, quickly adjust the company’s business strategies and marketing mix, introduce new products, develop new business opportunities, and strengthen the relationship between suppliers and customers in order for the company to run its operation always in a highly effective manner and further achieve business goals.

| Chairman of Board: | President: | Accounting Officer: |
|---|---|---|
| Jason Chen | Dave Lin | Cathy Wang |

# 2 Company Profile

2.1 Date of incorporation December 22, 1977

2.2 Brief history of the company

| | |
|---|---|
| December 1977 | "Tung Chao Co., Ltd." was established, with a registered capital of NT$2,000,000, engaging in electronic parts trading as its main business. |
| January 1987 | Initiated a cash capital increase of NT$3,000,000. After the cash capital increase, the capital amounted to NT$5,000,000. |
| November 1995 | Initiated a cash capital increase of NT$15,000,000. After the cash capital increase, the capital amounted to NT$20,000,000. |
| December 1996 | Merged "Hsu Tai Co., Ltd."; obtained the right to sell EPSON full range of products |
| | Distributor of D-Link full range of products |
| January 1997 | Spun off from Acer, Software & Peripheral department, founded Weblink International Inc. (hereinafter referred to as "Weblink" or "The Company"), which is positioned as a professional channel agent. Initiated a cash capital increase of NT$179,000,000; after the cash capital increase, the capital amounted to NT$199,000,000. |
| August 1997 | Distributor of FUJIFILM digital camera |
| | Obtained the right to sell CorelDRAW 7 Education Edition, setting foot in the education market |
| November 1997 | Distributor of CyberLink full range of products |
| | Distributor of NewSoft full range of products |
| December, 1997 | Established the resident Office Communication Business unit, officially stepping into the new field of 3C channels |
| | Set up Kaohsiung Warehouse, expanding operating performance in southern Taiwan |
| | Set up the "Quick Repair Center", providing professional after-sales service |
| January 1998 | Ranked No.1 the fastest-growing among Taiwan's top 500 largest enterprises by CommonWealth Magazine |
| May 1998 | Initiated a cash capital increase of NT$121,000,000. After the cash capital increase, the capital amounted to NT$320,000,000. |
| September 1998 | Distributor of VIEWSONIC products |
| July 1999 | Distributor of IBM hard disk products |
| | Established the "Network Business" unit, actively driving the company to run the business in a more professional way in the field of Internet market |
| October 1999 | Officially opened Qidu Warehouse at Taipei Logistics Center |
| December 1999 | Initiated a cash capital increase of NT$150,000,000. After the cash capital increase, the capital amounted to NT$470,000,000. |

| | |
|---|---|
| | Distributor of 3COM network products |
| | Established the “IA” (INTERNET APPLIANCE) Department |
| | Distributor of PALM COMPUTING products |
| March 2000 | Invested in “Provision International Inc.”, with a shareholding ratio of 30.22% |
| June 2000 | Officially launched the B2B dealer website, providing dealers with fast and professional product information and order placement services |
| | Served as a value-added/services/system integrator for DELL |
| | Invested in “WebLink Corp Ltd (HK)”, with a shareholding ratio of 100% |
| July 2000 | Initiated a cash capital increase of NT$80,000,000. After the cash capital increase, the capital amounted to NT$550,000,000. |
| April 2001 | Distributor of APC Uninterruptible Power Supply (UPS) |
| | Set up the “Project Business Division”, improving value-added services for dealers |
| January 2002 | Obtained the right to sell Trend Micro PC-Cillin products |
| | Obtained the right to sell ArcSoft products |
| | Distributor of BenQ LCD Monitor and Scanner products |
| | Obtained the right to sell Macromedia OEM products |
| April 2002 | Established the “System Products Division”, actively promoting Weblink own-brand PCs |
| May 2002 | Taipei Logistics Center was relocated to Haihu and Haihu Warehouse was officially opened. |
| February 2003 | Acted as a distributor for Canon digital camera products |
| | Distributor of Apacer memory card/disk products |
| February 2004 | Distributor of Zyxel household/business products |
| | Distributor of LG LCD Monitor products |
| | Taichung Warehouse was relocated to Beitun and Beitun warehouse was officially opened. |
| May 2004 | Kaohsiung Warehouse was relocated to Xiaogang and Xiaogang warehouse was officially opened. |
| May 2005 | Distributor of iRIVER MP3 products |
| August 2005 | Initiated a cash capital increase of NT$68,750,000. After the cash capital increase, the capital amounted to NT$618,750,000. |
| June 2006 | Distributor of PDA Phone products |
| July 2006 | Distributor of MSI graphics cards and motherboards, enhancing sales in the DIY market |
| | Kaohsiung Warehouse was relocated to Dashe and Dashe warehouse was officially opened. |
| July 2006 | Initiated a cash capital increase of NT$56,925,000. After the cash capital increase, the capital amounted to NT$675,675,000. |

| | |
|---|---|
| November 2007 | Distributor of Garmin GPS products |
| December 2007 | Distributor of CHIMEI LCD TV products, expanding the home appliance market |
| January 2008 | Distributor of Nintendo game consoles |
| January 2008 | North District Logistics Center moved from Haihu to Qingpu. |
| February 2008 | Distributor of Samsung LCD monitor products, expanding sales of monitor brands |
| April 2008 | Distributor of LG LCD TV products, expanding home appliance brands |
| July 2008 | Distributor of Sandisk memory cards, increasing sales of brands in the DIY market |
| December 2010 | Established the “System Integration Product Division”, actively promoting the sales and marketing for system integration |
| June 2011 | Obtained the right to sell Promise products, enriching the system integration product line |
| June 2011 | Obtained the right to sell Sonicwall products, enriching the system integration product line |
| June 2011 | Distributor of Toshiba refrigerators/washing machines, enhancing the product line of home appliance brands |
| April 2012 | Distributor of LG refrigerators/washing machines |
| June 2012 | Distributor of Adata memory card/disk/SSD products |
| September 2012 | Distributor of CyberPower Uninterruptible Power System (UPS) |
| December 2013 | Distributor of Samsung large format displays |
| December 2013 | Distributor of LG refurbished products, holding sales events to increase the revenue of the home appliance brands product line |
| January 2014 | Distributor of Fujitsu memory card/disk/SSD products |
| January 2014 | Distributor of Whirlpool refrigerators/washing machines |
| October 2014 | Distributor of Samsung tablet products |
| March 2015 | Distributor of 3M small home appliances |
| May 2015 | Acted as a distributor for Logitech products, increasing sales of brands in the DIY market |
| July 2015 | Distributor of BenQ LCD TV products, enhancing the product line of home appliance brands |
| July 2015 | Distributor of Leadtek professional graphics cards |
| September 2015 | Initiated a cash capital increase of NT$26,691,000. After the cash capital increase, the capital amounted to NT$702,366,000. |
| November 2015 | Distributor of TOTOLink network communication products |
| December 2015 | Invested and set up “WELLIFE INC.”, with a shareholding ratio of 100%, carrying out business in the B2C market |
| December 2015 | Distributor of BUBBLE SODA sparkling water machines |
| July 2016 | Distributor of Samsung wearables |
| July 2016 | Established the “E-commerce Business Department”, actively promoting e-commerce sales |

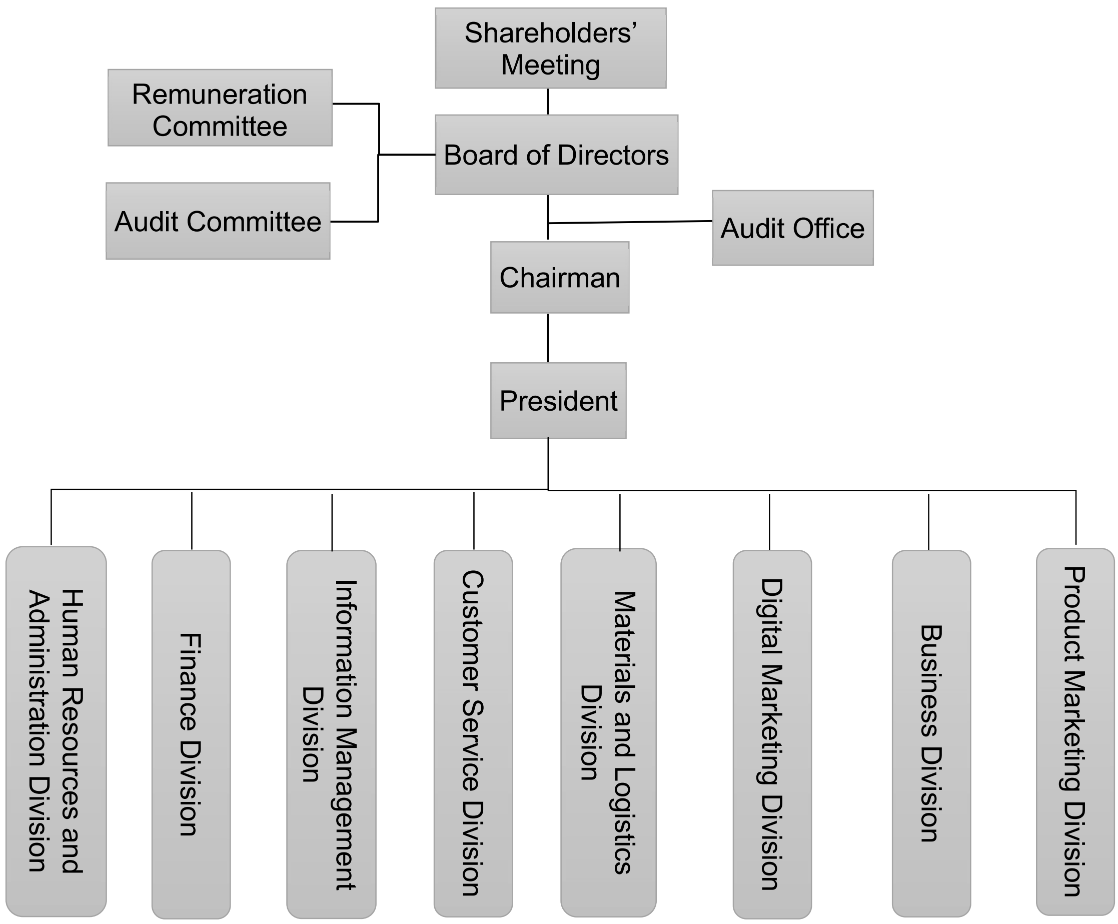
| | |
|---|---|
| September 2016 | Invested in "Antung Trading Corporation", with an investment ratio of 10% |
| April 2017 | Distributor of QNAP business products, enhancing the product line of system integration |
| | Distributor of CASA portable air conditioner |
| May 2017 | Distributor of HAWRIN freezers and air conditioners |
| August 2017 | Invested and set up "Acer Synergy Tech Corp.", with a shareholding ratio of 100%, engaging in software and hardware products or equipment and information system integration as its main business items |
| March 2018 | Authorized by LG to open the "Wellife LG Home Appliances Flagship Store", which is LG's 14th Premium Brandshop in the world and the only Premium Brandshop in Taiwan |
| June 2018 | Distributor of Lexar products |
| | Acted as a distributor for Samsung memory card/SSD products, enhancing sales in the DIY market |
| August 2018 | Acted as a distributor for AMD CPU, enhancing sales in the DIY market |
| September 2018 | Sold 91.74% of the shares of "Acer Synergy Tech Corp." to the parent company "Acer Inc." |
| December 2018 | Closed "WebLink Corp Ltd (HK)" |
| January 2019 | Samsung tablets gained the exclusive right to supply in the inter-entity supply contract procurement conducted by Bank of Taiwan |
| August 2019 | Initiated a cash capital increase of NT$35,118,300. After the cash capital increase, the capital amounted to NT$737,484,300. |
| | Selected by Kaspersky as the best agent for household products in Greater China |
| | Awarded the Best Cloud Service Provider by Microsoft |
| | Distributor of Lenovo household products and Microsoft Surface household products |
| | Distributor of GIGABYTE AERO creator laptops |
| September 2019 | Distributor of Nintendo Switch Lite portable handheld game console and Nintendo Switch console upgrade version 1.1 |
| | Distributor of Logitech VC System products |
| | Increased the investment in "Antung Trading Corporation", with a shareholding ratio increasing to 20% |
| | Obtained the right to sell Samsung S6 flagship tablets on Open Channel |
| | Distributor of Sony full range of commercial displays |
| October 2019 | Invested in "Protrade Global Ltd.", with a shareholding ratio of 19% |
| November 2019 | Distributor of Wortmann AG Terra gaming monitors |

| | |
|---|---|
| January 2020 | The registration became effective for conducting initial public offering with the Taipei Exchange (Stock Code: 6776). |
| | Distributor of Logitech full range of products |
| March 2020 | Registered and traded on emerging markets |
| | Obtained the right to sell Supermicro products in Asia-Pacific Taiwan and acted as a general agent for Supermicro products in the inter-entity supply contract procurement conducted by Bank of Taiwan |
| September 2020 | Invested and set up “PECER BIO-MEDICAL TECHNOLOGY INCORPORATED”, with a shareholding ratio of 75%, expanding diversity in business |
| | Distributor of Adobe full range of products |
| March 2021 | Listed and traded shares on the stock exchange |
| | Authorized by LG to open the “LG Electronics Wellife Flagship Store” in Taoyuan |
| April 2021 | Distributor of Linksys network equipment |
| May 2021 | Distributor of Moxa, officially entering the industrial control market |
| June 2021 | Increased investment in “Protrade Global Ltd.”, with a shareholding ratio of 51% |
| July 2021 | Became a partner of Philips Domestic Appliances Taiwan Ltd. and obtained the right to sell all Philips home appliances |
| August 2021 | Became a network channel agent and dealer of CHEONG KWAN JANG TAIWAN CORPORATION, a well-known Korean ginseng brand |
| January 2022 | Distributor of Hyread eBook readers |
| March 2022 | Distributor of Fujitsu General Taiwan air conditioners |
| June 2022 | Opened the first physical flagship store with Golden Concept |
| October 2022 | Awarded the Best Business Product Agent by Lenovo |

# 3 Corporate Governance Report

## 3.1 Organizational system

### 3.1.1 Organizational structure



3.1.2 Tasks of principal divisions

| Division | Key responsibilities |
|---|---|
| President | Responsible for the company's medium- and long-term strategic development, and planning and implementation of the overall operations<br>Supervise and manage the organizational activities of all the company's divisions<br>Directly accountable to the Board of Directors |
| Product Marketing Division | Dedicated to acting as a channel agent for information and communications products, introducing 3C, software, and system products, continuously establishing multiple physical and virtual sales support mechanisms, and conducting resource integration for the diversified information industry |
| Business Division | Responsible for market information collection, 3C products trend analysis, and new products marketing and promotion; formulating sales strategies for product lines and providing required integration solutions based on sales channels and customers' operating directions |
| Customer Service Division | Provide the professional and complete service mechanism, including pre-sales services in a systematic manner, all-around after-sales services, comprehensive technical support, and other related services |
| Materials and Logistics Division | Responsible for the operation of import/export, warehousing, and distribution, creating the core competitive advantage of logistics, inventory management and accounting control, with materials matching with records, enhancing product availability and service standards, improving inventory turnover, and increasing cash flows. |
| Information Management Division | Integrate business processes and information systems, operational data analysis, build a sound information architecture, maintain the operation of software and hardware equipment in connection with information technology, and provide virtual MIS consulting services |
| Finance Division | Financial planning, fund management, fund allocation, and budget planning, project financial analysis management, accounting treatment, settlement, tax system establishment and implementation |
| Digital Marketing | Provide original manufacturers assistance in marketing, planning and execution of events and activities of the product department, |

| Division | Key responsibilities |
|---|---|
| Division | propaganda identity and design |
| Human Resources and Administration Division | Human resources analysis, education and training, performance assessment, personnel recruitment, promotion of personnel policy and employee benefits; meanwhile, responsible for planning of the company's administrative and general affairs |
| Audit Office | Perform audits/assessments, develop the company's internal control systems and provide suggestions for improvement to improve operational efficiency and ensure effective implementation of internal control |

## 3.2 Information on the company's directors, supervisors, president, vice president, assistant vice presidents, and the chiefs of all the company's divisions and branch units

### 3.2.1 Information on Directors and Supervisors (1)

April 9, 2023; Unit: Shares

| Job title | Nationality of registration | Name | Gender, age | Date of election | Term of office | Commencement date of first term | No. of shares held at time of election | | No. of shares currently held | | Shares currently held by spouse and minor children | | Shares held through nominees | | Principal work experience and academic qualifications | Positions held concurrently in the Company and/or in any other company | Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | | | Job title | Name | Relationship | |
| Corporate director | Taiwan, R.O.C. | Acer Inc. | — | February 18, 2020 | 3 years | December 22, 1977 | 49,674,116 | 67.36% | 48,073,116 | 58.93% | — | — | — | — | — | — | None | None | None | |
| Chairman | Taiwan, R.O.C. | Acer Inc.<br>Legal Representative: Jason Chen | Male<br>Aged 61-70 | February 18, 2020 | 3 years | May 29, 2014 | 0 | 0% | 0 | 0% | 0 | 0% | 627,780 | 0.77% | TSMC's Senior Vice President of Global Marketing Business; Master of Business Administration, University of Missouri | Chairman of Mu Chen Investment Limited Company<br>Chairman of Mu Shih Investment Limited Company<br>Independent director of Powerchip Semiconductor Manufacturing Corporation<br>Director of FocalTech Systems Co., Ltd<br>Other companies: Note 1 | None | None | None | |
| Director | Taiwan, R.O.C. | Acer Inc.<br>Legal Representative: Dave Lin | Male<br>Aged 61-70 | February 18, 2020 | 3 years | June 27, 2017 | 632,604 | 0.86% | 832,604 | 1.02% | 0 | 0% | 0 | 0% | Chief Learning Officer and President of Greater China Cloud Business at WPG Holdings<br>Associate Executive Officer and Director of YOSUN Group<br>Vice President of Channel Business Group at Acer Inc.<br>Regional Vice President of Acer Inc.<br>EMBA, National Chengchi University | Director of Chen Lo Chin Chih Charity Foundation<br>Other companies: Note 1 | None | None | None | None |
| Director | Taiwan, R.O.C. | Acer Inc.<br>Legal Representative: Meggy Chen | Female<br>Aged 51-60 | February 18, 2020 | 3 years | June 27, 2017 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Chief of Global Fund Division at Acer Inc.<br>Master of Business Administration, UCLA Anderson School of Management | Chief Financial Officer of Acer Inc.<br>Other companies: Note 1 | None | None | None | |
| Independent director | Taiwan, R.O.C. | Jui-Po Tang | Male<br>Aged 61-70 | February 18, 2020 | 3 years | February 18, 2020 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Managing Director of Asia Sales and Marketing Department at Seagate Technology Holdings PLC<br>President of RUEYBO BUSINESS CORP.<br>President of Ennoconn Corporation<br>Department of Electronics Engineering, Tamkang University<br>EMBA and BA, National Chengchi | None | None | None | None | |

| Job title | Nationality of registration | Name | Gender, age | Date of election | Term of office | Commencement date of first term | No. of shares held at time of election | | No. of shares currently held | | Shares currently held by spouse and minor children | | Shares held through nominees | | Principal work experience and academic qualifications | Positions held concurrently in the Company and/or in any other company | Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | | | Job title | Name | Relationship | |
| | | | | | | | | | | | | | | | University | | | | | |
| Independent director | Taiwan, R.O.C. | Kuang-Hua Shao | Male Aged 61-70 | February 18, 2020 | 3 years | February 18, 2020 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | President of Cloud Services Department at Google International LLC Taiwan Branch (U.S.A.)<br>President of Microsoft Taiwan Corporation<br>Vice President of Greater China at IBM Taiwan Corporation<br>Vice President of Greater China at Nokia Solutions and Networks System Technology (Beijing) Co., Ltd.<br>President of Greater China Services Department and President of North Asia Services Department at Cisco Systems, Inc.<br>Department of Hydraulic Engineering, Tamkang University<br>Master of Computing Science, University of Illinois at Chicago (UIC) | Co-President of Etuo Communication Group Co., Ltd. | None | None | None | |
| Independent director | Taiwan, R.O.C. | Yeh-Jen Cheng | Male Aged 51-60 | February 18, 2020 | 3 years | February 18, 2020 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Financial Analyst and Financial Manager of Dow Chemical Company<br>Marketing Manager of Philip Morris International Inc.<br>President of Greater China at Anheuser-Busch InBev Beer Co., Ltd.<br>Executive President of Chongqing Hancai Technology Co., Ltd.<br>Partner of Lunar Capital Management Ltd.<br>Department of Civil Engineering, National Taiwan University<br>Department of Financial Management, University of Minnesota | Chairman of Zunyi International Trade (Shanghai) Co., Ltd. | None | None | None | |
| Independent director | Taiwan, R.O.C. | Ming-Chih Wang | Male Aged 61-70 | February 18, 2020 | 3 years | February 18, 2020 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Executive Director of KPMG Taiwan, Head Kaohsiung Office, KPMG in Taiwan, and a CPA<br>Department of Accounting, Soochow University<br>Master of Business Administration, National Taiwan University | Chairman of Hsin Hsiang Co., Ltd.<br>Independent Director of Namchow Food Group (Shanghai) Co., Ltd.<br>Director of KPMG Education Foundation | None | None | None | |

Note 1: Positions held concurrently in any other company of Acer Group are described as follows:

| | |
|---|---|
| Jason Chen | Chairman and CEO of Acer Inc.<br>Chairman of Acer Being Communication Inc.<br>Chairman of Acer ITS Inc.<br>Chairman of Acer AI Cloud Inc.<br>Chairman of Acer Beingware Holding Inc.<br>Chairman of Acer e-Enabling Service Business Inc.<br>Chairman of XPLOVA Inc.<br>Chairman of Acer Digital Service Co.<br>Chairman of Trans Century Investment Limited<br>Chairman of Acer Asset Management Incorporated<br>Chairman of Acer Beverage Incorporated<br>Director of Altos Computing Inc.<br>Director of Acer (Chongqing) Ltd.<br>Director of Acer Being Signage Inc.<br>Director of AcerPure Inc.<br>Director of Acer Medical Inc.<br>Director of Acer Cloud Technology (Taiwan) Inc.<br>Director of Acer Computer (SHANGHAI) Limited<br>Director of Acer Cloud Technology (Chongqing) Ltd.<br>Director of Pecer Bio-Medical Technology Incorporated<br>Director of AOPEN Incorporated<br>Director of Chongqing Hongyun Shuangzhi Equity Investment Fund Management Co., Ltd.<br>Director of MPS Energy Inc.<br>Director of Acer Gadget Inc.<br>Director of Acer Gaming Inc.<br>Director of Protrade Applied Materials Corp.<br>Director of Beijing Altos Computing Ltd.<br>Director of Acer American Corporation<br>Director of Acer American Holdings Corp.<br>Director of Acer Asia Pacific Sdn Bhd<br>Director of Acer Cloud Technology Inc.<br>Director of Acer Computer (Far East) Limited<br>Director of Acer Europe SA<br>Director of Acer European Holdings SA<br>Director of Acer Holdings International, Incorporated<br>Director of Acer SoftCapital Incorporated<br>Director of Boardwalk Capital Holdings Limited<br>Director of DropZone Holding Limited<br>Director of DropZone (Hong Kong) Limited |
| Meggy Chen | Chairman of Acer Market Services Limited<br>Director of Shanghai Likai Technology Service Center Company<br>Director of Shanghai Piaochi Information Technology Limited<br>Director of Beijing Altos Computing Ltd.<br>Director of WELLIFE INC.<br>Director of Acer Cyber Security Inc.<br>Director of Altos Computing Inc.<br>Director of StarVR Corporation<br>Director of Acer Cloud Technology (Chongqing) Ltd.<br>Director of AcerPure Inc.<br>Director of Acer ITS Inc.<br>Director of Acer Being Signage Inc.<br>Director of Acer AI Cloud Inc.<br>Director of Acer Beingware Holding Inc.<br>Director of Acer e-Enabling Data Center Incorporated<br>Director of Acer Cloud Technology (Taiwan) Inc.<br>Director of Acer e-Enabling Service Business Inc.<br>Director of ISU Service Corp<br>Director of Highpoint Service Network Corporation<br>Director of Acer Synergy Tech Corp.<br>Director of Aspire Service & Development Inc.<br>Director of Xplova Inc.<br>Director of Acer Digtal Service Co.<br>Director of Trans Century Investment Limited<br>Director of Acer Property Development Inc.<br>Director of MPS Energy Inc.<br>Supervisor of Chongqing Hongyun Shuangzhi Equity Investment Fund Management Co., Ltd.<br>Director of Acer American Holdings Corp.<br>Director of Acer Cloud Technology Inc.<br>Director of Acer Computer (Far East) Limited<br>Director of Acer European Holdings SA |

| | |
|---|---|
| | Director of Acer Holdings International, Incorporated<br>Director of Acer Japan Corp.<br>Director of Acer Service Corporation<br>Director of Acer SoftCapital Incorporated<br>Director of AGP Insurance (Guernsey) Limited<br>Director of Boardwalk Capital Holdings Limited<br>Director of DropZone (Hong Kong) Limited<br>Director of DropZone Holding Limited<br>Director of Gateway, Inc.<br>Director of PT. Acer Indonesia<br>Director of PT. Acer Manufacturing Indonesia |
| Dave Lin | Chairman of WELLIFE INC.<br>Chairman of Piovision International Inc.<br>Director of K-Best Technology Inc.<br>Chairman of Smart Frequency Technology Inc.<br>Director of Antung Trading Corporation<br>Chairman of Pecer Bio-Medical Technology Incorporated<br>Director of ECOM SOFTWARE INC.<br>Director of Protrade Asia Limited<br>Director of Dakota Co., Ltd.<br>Director of Protrade (Shanghai) Trading Co., Ltd.<br>Chairman of Protrade Applied Materials Corp. |

Major Shareholders of Corporate Shareholders

Date: April 8, 2023

| Name of corporate/juristic person | Major shareholders of the corporate/juristic person | Shareholding ratio |
|---|---|---|
| Acer Inc. | Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF Fund under the custody of Taishin Bank | 7.64% |
| | Hung Rouan Investment Corp. | 2.42% |
| | VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS | 1.31% |
| | iShares ESG Aware MSCI EM ETF | 1.26% |
| | JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 1.23% |
| | Stan Shih | 1.15% |
| | Labor Pension Fund（The New Fund） | 0.97% |
| | Acer GDR | 0.93% |
| | J.P. MORGAN SECURITIES PLC | 0.88% |
| | Norges Bank | 0.86% |

If any Major Shareholder is a Corporate/Juristic Person, List its Major Shareholders

April 8, 2023

| Name of corporate shareholder | Major Shareholders of Corporate Shareholders | Shareholding ratio |
| --- | --- | --- |
| Hung Rouan Investment Corp. | Shih Hsuen Huei | 26.09% |
| | Carolyn Yeh | 20.13% |
| | Shih Hsuen Rouan | 17.25% |
| | Shih Hsuen Lin | 17.16% |
| | Shih Fang Cheng | 8.93% |
| | Yeh Ting Yu | 8.84% |
| | StanShih Foundation | 1.60% |

Note: The donor of StanShih Foundation is Mr. Stan Shih, who make 100% of donations.

3.2.1 Information on Directors and Supervisors (2)

(1) Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:

| Qualification<br><br>Name | Professional qualifications and experience<br>(Note 1) | Independence analysis<br>(Note 2) | No. of other public companies at which the person concurrently serves as an independent director |
|---|---|---|---|
| Acer Inc.<br>Legal Representative:<br>Jason Chen | 1. Jason Chen joined Acer in 2014 and became the global executive president and CEO in 2017. Since then, he has served as chairman and CEO of Acer, leading the team to undergo a business transformation in the company while actively venturing into new business territory.<br>2. Jason Chen worked in TSMC from 2005 to 2013, where he held positions up to global marketing business senior vice president. From 1991 to 2005, he served Intel Corporation, a total of 14 years. Later, he went to Intel's headquarters in the U.S. to take charge of business and marketing, serving as global vice president, and familiar with a good knowledge of the global market environment. Before that, he worked in IBM Taiwan from 1988 to 1991.<br>3. He specializes in the professional fields of information technology and finance, and is under none of the circumstances set out in the subparagraphs of Article 30 of the Company Act. | 1. Except that the person concurrently serves as a director in certain group's companies, the person's spouse or any relative within the second degree does not serve as a director, supervisor, or employee of the group's companies.<br>2. The person does not hold the Company's shares, and the number of shares held through nominees is 627,780 (0.77%).<br>3. The person or his spouse or any relative within the second degree neither serve as a director, supervisor, or employee of the companies that have a specific relationship with the Company nor provide any services such as business, legal, financial, or accounting services to the group's companies. | 1 |
| Acer Inc.<br>Legal Representative:<br>Dave Lin | 1. In addition to serving as a corporate director representative appointed by Acer Inc., Dave Lin is also the current president of the Company.<br>2. Dave Lin used to work at WPG Holdings as chief learning officer and president of Greater China Cloud Business at WPG Holdings.<br>3. Dave Lin graduated from the EMBA program, at National Chengchi University<br>4. He has professional expertise in the fields of business administration, operations, and marketing, and is under none of the circumstances set out in the subparagraphs of Article 30 of the Company Act. | 1. Except that the person concurrently serves as a director in certain group's companies, the person's spouse or any relative within the second degree does not serve as a director, supervisor, or employee of the group's companies.<br>2. The person holds 832,604 shares of the Company, and his spouse and relatives within the second degree do not hold any shares of the Company.<br>3. The person or his spouse or any relative within the second degree neither serve as a director, supervisor, or employee of the companies that have a specific relationship with the Company nor provide any services such as business, legal, financial, or accounting services to the | None |

<table>
<tr><th>Qualification<br><br>Name</th><th>Professional qualifications and experience<br>(Note 1)</th><th>Independence analysis<br>(Note 2)</th><th>No. of other public companies at which the person concurrently serves as an independent director</th></tr>
<tr><td></td><td></td><td>group’s companies.</td><td></td></tr>
<tr><td>Acer Inc.<br>Legal Representative:<br>Meggy Chen</td><td>1. Meggy Chen has more than 30 years of experience in the professional field of finance, and took over as Acer’s global chief financial officer in July 2017.<br>2. Meggy Chen joined Acer in 1999 and served as head of the global and regional treasurer’s departments. From 2002 to 2004, she served as head of the treasurer’s department in the Asia-Pacific region. Since 2005, she has been the head of the global treasury business department. In 2017, she was promoted to global chief financial officer. Under the leadership of Meggy Chen, Acer integrated its global financial position and successfully simplified the financial processes among more than 100 subsidiaries around the world. Before joining Acer, Meggy Chen worked at Citibank.<br>3. Meggy Chen holds a bachelor’s degree in economics from National Taiwan University and a master’s degree in business administration from UCLA Anderson School of Management.<br>4. She has professional expertise in the fields of corporate finance, treasury, and risk management, and is under none of the circumstances set out in the subparagraphs of Article 30 of the Company Act.</td><td>1. Except that the person concurrently serves as a director in certain group’s companies, the person’s spouse or any relative within the second degree does not serve as a director, supervisor, or employee of the group’s companies.<br>2. Neither the person nor her spouse or relatives within the second degree do not hold any shares of the Company.<br>3. The person or his spouse or any relative within the second degree neither serve as a director, supervisor, or employee of the companies that have a specific relationship with the Company nor provide any services such as business, legal, financial, or accounting services to the group’s companies.</td><td>None</td></tr>
<tr><td>Jui-Po Tang</td><td>1. Jui-Po Tang used to work for Seagate Technology Holdings PLC as managing director of Asia Business and Marketing Department, and served as president of RUEYBO BUSINESS CORP.<br>2. Jui-Po Tang graduated from EMBA and BA programs from National Chengchi University.<br>3. He has professional expertise in the fields of business administration, operations, and marketing, and is under none of the circumstances set out in the subparagraphs of Article 30 of the Company Act.</td><td rowspan="2">1. The person and her spouse or any relative within the second degree do not serve as a director, supervisor, or employee of the group’s companies.<br>2. Neither the person nor her spouse or relatives within the second degree do not hold any shares of the Company.<br>3. The person or his spouse or any relative within the second degree neither serve as a director, supervisor, or employee of the companies that have a specific relationship with the Company nor provide any services such as business, legal, financial, or accounting services to the group’s companies within the past 2 years.</td><td>None</td></tr>
<tr><td>Kuang-Hua Shao</td><td>1. Kuang-Hua Shao used to work for Google International LLC Taiwan Branch (U.S.A.) as president of Cloud Services Department, and served as president of Microsoft Taiwan Corporation and vice president of Greater China at IBM Taiwan Corporation.<br>2. Kuang-Hua Sha holds a master’s degree in computing science from the University of Illinois at Chicago (UIC).</td><td>None</td></tr>
</table>

| Qualification<br>Name | Professional qualifications and experience (Note 1) | Independence analysis (Note 2) | No. of other public companies at which the person concurrently serves as an independent director |
|---|---|---|---|
| | 3. He has professional expertise in the fields of business administration, operations, marketing, and information technology, and is under none of the circumstances set out in the subparagraphs of Article 30 of the Company Act. | | |
| Yeh-Jen Cheng | 1. Yeh-Jen Cheng is currently the chairman of Zunyi International Trade (Shanghai) Co., Ltd.<br>2. Yeh-Jen Cheng used to work for Anheuser-Busch InBev Beer Co., Ltd. as president of Greater China, and was a partner of Lunar Capital Management Ltd.<br>3. Yeh-Jen Cheng holds a master's degree in financial management from the University of Minnesota<br>4. He has professional expertise in the fields of business administration, operations, and marketing, and is under none of the circumstances set out in the subparagraphs of Article 30 of the Company Act. | | None |
| Ming-Chih Wang | 1. Ming-Chih Wang is currently a director of KPMG Education Foundation.<br>2. Ming-Chih Wang used to work for Anhou Jianye United Accounting Firm (KPMG), and served as executive director of KPMG Taiwan, head of Kaohsiung Office, and a CPA.<br>3. Ming-Chih Wang holds a master's degree of Business Administration from National Taiwan University<br>4. He has professional expertise in the fields of corporate finance, accounting, and risk management, and is under none of the circumstances set out in the subparagraphs of Article 30 of the Company Act. | | None |

(2) Diversity of the board of directors:

The Company's board diversity policy

The company constantly pays attention to corporate governance, our BOD Diversity Policy is included into Chapter III Enhancing the Function of Board of Directors of "Corporate Governance Best-Practice Principles".

The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the shareholders meetings. Procedures and arrangement relating to corporate governance shall ensure that, in exercising its authority, the board of directors will comply with laws, regulations, articles of incorporation, and the resolutions of shareholders meetings of the Company.

Regarding the structure of the board of directors, the Company shall determine an appropriate number of board members not less than five persons, in consideration of its business scale, the shareholding of its major shareholders and practical operational needs.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers do not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

a. Basic requirements and values: Gender, age, nationality, culture and ethnicity
b. Professional knowledge and skills: A professional background (e.g., law, finance, accounting, industry, marketing, technology), professional skills, and industry experience

In order to strengthen the functions of the board of directors and achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities as clearly provided by Article 22 of the Company's "Corporate Governance Principles":
a. Ability to make operational judgments
b. Ability to perform accounting and financial analysis
c. Ability to conduct management administration
d. Ability to conduct crisis management
e. Knowledge of the industry
f. An international market perspective
g. Ability to lead
h. Ability to make policy decisions

Specific management objectives with regard to diversity of board members

The diversity of board members contributes to effectively fulfill the function of the board of directors. The nomination and election of the Company's board members shall comply with the provisions of the Articles of Incorporation, and the candidate nomination system shall be adopted to ensure diversity and independence of board members. In addition, directors with various professional knowledge and skills have been elected to provide diverse perspectives and contributions to further strengthen the functions of the board of directors. The Company has achieved the specific management goals of independent directors accounting for more than half of all the directors and at least one female director. It expects that the number of each gender among directors could account for more than one-third (inclusive) of all the directors for the next term of board of directors.

The implementation of diversity of board members

As of the end of 2022, 2 directors were between 51 and 60 years old, and five directors were over 61 years old; there was 1 female director, and the rest were male directors; all directors hold R.O.C. nationality. The expertise and diverse backgrounds of each director are described as follows:

The Company’s board of directors was composed of 7 directors (including 4 independent directors), who largely have abilities to make operational judgments, to lead, to make policy decisions, to conduct management administration, to have an international market perspective, and to conduct crisis management, and have industry experience and professional abilities; among them, those with experience in management administration are Chairman Jason Chen, Director Dave Lin, Director Yeh-Jen Cheng, Director Jui-Po Tang, and Director Kuang-Hua Shao, those competent in operations & marketing are Director Dave Lin, Director Kuang-Hua Shao, Director Jui-Po Tang, and Director Yeh-Jen Cheng, the one with IT capabilities is Director Kuang-Hua Shao; Director Ming-Chih Wang has CPA’s professional abilities and practical experience in business execution; Directors Meggy Chen and Yeh-Jen Cheng have financial expertise and experience in investment and M&A.

| Diversity core / Name of director | Basic composition | | | | | | Industry experience | | | Professional abilities | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Nationality | Gender | Serve as an employee | age | | Terms of office of independent director | Management administration | Operations & marketing | Information & Technology | Finance | Accounting | Risk management |
| | | | | Aged 51-60 | Aged 61-70 | Under 3 years | | | | | | |
| Jason Chen | Taiwan, R.O.C. | Male | - | - | v | - | v | v | ○ | ○ | - | v |
| Dave Lin | Taiwan, R.O.C. | Male | v | - | v | - | v | v | ○ | ○ | - | v |
| Meggy Chen | Taiwan, R.O.C. | Female | - | v | - | - | ○ | - | - | v | - | v |
| Jui-Po Tang | Taiwan, R.O.C. | Male | - | - | v | v | v | v | ○ | ○ | - | v |
| Kuang-Hua Shao | Taiwan, R.O.C. | Male | - | - | v | v | v | v | v | ○ | - | v |
| Yeh-Jen Cheng | Taiwan, R.O.C. | Male | - | v | - | v | v | v | - | v | - | v |
| Ming-Chih Wang | Taiwan, R.O.C. | Male | - | - | v | v | ○ | - | - | v | v | v |

Note: “v” means having full ability; “○“ means having partial ability.

(3) Independence of the board of directors:

The current board of directors consists of 7 directors, including 4 new independent directors, with the independent directors accounting for 57%. Since independent directors account for half of the directorships, they can really perform their functions to supervise the company's operations and protect shareholders' rights and interests. Their professional perspectives are independent of the management or other directors, demonstrating the independence of the board of directors.

Among the directors of the Company, except for Director Jason Chen, Director Dave Lin, and Director Meggy Chen who are appointed by Acer Inc., the rest of the directors have neither spousal relationship nor familial relationship within the second degree of kinship between each other; therefore, there is no violation of the provisions of Article 26-3, paragraph 3 of the Securities and Exchange Act.

The company has established the audit committee according to the law in lieu of a supervisor; therefore, the provisions of Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act do not apply.

### 3.2.2 Information on the Management Team

April 9, 2023; Unit: Shares

| Job title | Name | Gender, | Nationality | Date of appointment to position | Shares held | | Shares held by spouse and minor children | | Shares held through nominees | | Principal work experience and academic qualifications | Positions concurrently held in other companies at present | Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree | | | Employee share subscription warrants acquired by managerial officer(s) | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | | | Job title | Name | Relationship | | |
| President | Dave Lin | Male | Taiwan, R.O.C. | June 1, 2014 | 832,604 | 1.02% | 0 | 0% | 0 | 0% | EMBA, National Chengchi University<br>Chief Learning Officer and President of Greater China Cloud Business at WPG Holdings<br>Associate Executive Officer and Director of YOSUN Group<br>Vice President of Channel Business Group at Acer Inc.<br>Regional Vice President of Acer Inc. | Director of Chen Lo Chin Chih Charity Foundation<br>Other companies: Refer to Note 1 to Information on Directors | None | None | None | None | None |
| Senior Vice President | Ming-Chi Cheng | Male | Taiwan, R.O.C. | September 1, 2017 | 100,350 | 0.12% | 0 | 0% | 0 | 0% | Bachelor of Information Management, Chung Yuan Christian University<br>Sales and Marketing Executive of Acer Inc. | President of WELLIFE INC. | None | None | None | None | |
| Vice President | Nien-Chun Kao | Male | Taiwan, R.O.C. | July 1, 2016 | 55,000 | 0.13% | 0 | 0% | 0 | 0% | Department of International Business, National Taipei College of Business<br>Master of Business Administration, Soochow University<br>Sales Manager of Acer Inc.<br>Sales Executive of UB OFFICE SYSTEMS INCORPORATION | President of PECER BIO-MEDICAL TECHNOLOGY INCORPORATED | None | None | None | None | |
| Corporate Governance Officer | Lydia Wu | Female | Taiwan, R.O.C. | November 1, 2022 | 9,500 | 0.01% | 0 | 0% | 0 | 0% | General Counsel of Acer Global Legal<br>Bachelor, Department of law of National Taiwan University | Global Chief legal officer of ACER<br>Corporate Governance Officer of ACER, AOPEN, Acer Synergy Tech Corp. and Acer e-Enabling Service Business Inc. | None | None | None | None | |
| Chief Financial & Accounting Officer | Shu-Chin Wang | Female | Taiwan, R.O.C. | May 28, 2018 | 93,004 | 0.11% | 0 | 0% | 0 | 0% | Bachelor of Cooperative Economics, National Chung Hsing University<br>Accounting Specialist of Acer Inc. | Supervisor of Protrade Applied Materials Corp.<br>Supervisor of Protrade (Shanghai) Trading Co., Ltd. | None | None | None | None | |
| Chief Auditor | Yu-Chu Lin | Female | Taiwan, R.O.C. | May 28, 2018 | 0 | 0% | 0 | 0% | 0 | 0% | Accounting &Statistics, Ming Chuan College of Business<br>Material Controller of Acer Inc. | None | None | None | None | None | |

## 3.2.3 Remuneration paid during the most recent fiscal year to directors, supervisors, the president, vice presidents and the Five Highest Remunerated Management Personnel

### (1) Remuneration to Ordinary Directors and Independent Directors

December 31, 2022; Unit: NT$ thousand; thousand shares; %

| Job title | Name | Remuneration to directors | | | | | | | | Sum of A+B+C+D and ratio to net income | | Remuneration received by directors for concurrent service as an employee | | | | | | | | Sum of A+B+C+D+E+F+G and ratio to net income | | Remuneration received from investee enterprises other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base compensation (A) | | Retirement pay and pension (B) | | Director profit-sharing compensation (C) | | Expenses and perquisites (D) | | | | Salary, rewards, and special disbursements (E) | | Retirement pay and pension (F) | | Employee profit-sharing compensation (G) | | | | | | |
| | | | | | | | | | | | | | | | | The Company | | All consolidated entities | | | | |
| | | The Company | All consolidated entities | The Company | All consolidated entities | The Company | All consolidated entities | The Company | All consolidated entities | The Company | All consolidated entities | The Company | All consolidated entities | The Company | All consolidated entities | Amount in cash | Amount in stock | Amount in cash | Amount in stock | The Company | All consolidated entities | |
| Corporate director | Acer Inc. | 0 | 0 | 0 | 0 | 2,120 | 2,120 | 0 | 0 | 2,120<br>0.51% | 2,120<br>0.51% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,120<br>0.51% | 2,120<br>0.51% | 0 |
| Chairman | Acer Inc.<br>Legal Representative: Jason Chen | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,902 |
| Director | Acer Inc.<br>Legal Representative: Dave Lin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,676 | 9,676 | 108 | 108 | 9,500 | 0 | 9,500 | 0 | 19,284<br>4.65% | 19,814<br>4.65% | 0 |
| Director | Acer Inc.<br>Legal Representative: Meggy Chen | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,683 |
| Independent director | Jui-Po Tang | 300 | 300 | 0 | 0 | 230 | 230 | 10 | 10 | 540<br>0.13% | 540<br>0.13% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 540<br>0.13% | 540<br>0.13% | 0 |
| Independent director | Kuang-Hua Shao | 300 | 300 | 0 | 0 | 230 | 230 | 10 | 10 | 540<br>0.13% | 540<br>0.13% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 540<br>0.13% | 540<br>0.13% | 0 |
| Independent director | Yeh-Jen Cheng | 400 | 400 | 0 | 0 | 230 | 230 | 10 | 10 | 640<br>0.15% | 640<br>0.15% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 640<br>0.15% | 640<br>0.15% | 0 |
| Independent director | Ming-Chih Wang | 400 | 400 | 0 | 0 | 230 | 230 | 20 | 20 | 650<br>0.15% | 650<br>0.15% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 650<br>0.15% | 650<br>0.15% | 0 |

1. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services to any consolidated entities (e.g., for serving as a non-employee consultant): None.
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services, e.g., for serving as a non-employee consultant to the parent company, any consolidated entities, or invested enterprises: None.

(2) Remuneration to Supervisors: Not applicable.

(3) Remuneration to President (s) and Vice President (s)

December 31, 2022; Unit: NT$ thousand; thousand shares; %

| Job title | Name | Salary (A) | | Retirement pay and pension (B) | | Rewards and special disbursements (C) | | Employee profit-sharing compensation (D) | | | | Sum of A+B+C+D and ratio to net income (%) | | Remuneration received from investee enterprises other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Company | All consolidated entities | The Company | All consolidated entities | The Company | All consolidated entities | The Company | | All consolidated entities | | The Company | All consolidated entities | |
| | | | | | | | | Amount in cash | Amount in stock | Amount in cash | Amount in stock | | | |
| President | Dave Lin | 8,434 | 8,434 | 457 | 457 | 9,524 | 9,524 | 11,750 | 0 | 11,750 | 0 | 30,165<br>7.27% | 30,165<br>7.27% | 0 |
| Senior Vice President | Ming-Chi Cheng | | | | | | | | | | | | | |
| Vice President | Nien-Chun Kao | | | | | | | | | | | | | |

Remuneration Range Table

| Ranges of remuneration paid to each of the Company's president(s) and vice president(s) | Names of President(s) and Vice President(s) | |
|---|---|---|
| | The Company | All consolidated entities |
| Less than NT$1,000,000 | - | - |
| NT$1,000,000 (incl.)～NT$2,000,000 (excl.) | - | - |
| NT$2,000,000 (incl.)～NT$3,500,000 (excl.) | - | - |
| NT$3,500,000 (incl.)～NT$5,000,000 (excl.) | Nien-Chun Kao | Nien-Chun Kao |
| NT$5,000,000 (incl.)～NT$10,000,000 (excl.) | Ming-Chi Cheng | Ming-Chi Cheng |
| NT$10,000,000 (incl.)～NT$15,000,000 (excl.) | - | - |
| NT$15,000,000 (incl.)～NT$30,000,000 (excl.) | Dave Lin | Dave Lin |
| NT$30,000,000 (incl.)～NT$50,000,000 (excl.) | - | - |
| NT$50,000,000 (incl.)～NT$100,000,000 (excl.) | - | - |
| NT$100,000,000 or above | - | - |
| Total | Total 3 persons | Total 3 persons |

(4) Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEx listed Company

| Job title | Name | Salary (A) The Company | Salary (A) All consolidated entities | Retirement pay and pension (B) The Company | Retirement pay and pension (B) All consolidated entities | Rewards and special disbursements (C) The Company | Rewards and special disbursements (C) All consolidated entities | Employee profit-sharing compensation (D) The Company Amount in cash | Employee profit-sharing compensation (D) The Company Amount in stock | Employee profit-sharing compensation (D) All consolidated entities Amount in cash | Employee profit-sharing compensation (D) All consolidated entities Amount in stock | Sum of A+B+C+D and ratio to net income (%) The Company | Sum of A+B+C+D and ratio to net income (%) All consolidated entities | Remuneration received from investee enterprises other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| President | Dave Lin | 4,360 | 4,360 | 108 | 108 | 5,316 | 5,316 | 9,500 | 0 | 9,500 | 0 | 19,284 4.65% | 19,284 4.65% | 0 |
| Senior Vice President | Ming-Chi Cheng | 2,196 | 2,196 | 185 | 185 | 2,461 | 2,461 | 1,200 | 0 | 1,200 | 0 | 6,042 1.45% | 6,042 1.45% | 0 |
| Vice President | Nien-Chun Kao | 1,878 | 1,878 | 164 | 164 | 1,746 | 1,746 | 1,050 | 0 | 1,050 | 0 | 4,838 1.17% | 4,838 1.17% | 0 |
| Chief Financial & Accounting Officer | Shu-Chin Wang | 1,493 | 1,493 | 128 | 128 | 1,122 | 1,122 | 560 | 0 | 560 | 0 | 3,303 0.80% | 3,303 0.80% | 0 |

(5) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

December 31, 2022; Expressed in thousand of NTD

| | Job title | Name | Amount in stock | Amount in cash | Total | As a % of net profit |
|---|---|---|---|---|---|---|
| Managerial officers | President | Dave Lin | - | 12,310 | 12,310 | 2.97% |
| | Senior Vice President | Ming-Chi Cheng | | | | |
| | Vice President | Nien-Chun Kao | | | | |
| | Chief Financial & Accounting Officer | Shu-Chin Wang | | | | |

3.2.4 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

(1) Analysis of the remuneration as a percentage of net income stated in the parent company only financial reports during the past 2 fiscal years to directors, supervisors, presidents, and vice presidents

Unit: NT$ thousand; %

| Job title | 2021 Total remuneration as a percentage of net income (%) | | 2022 Total remuneration as a percentage of net income (%) | |
|---|---|---|---|---|
| | The Company | All consolidated entities | The Company | All consolidated entities |
| Director | 1.01% | 1.01% | 1.08% | 1.08% |
| President(s) and Vice President(s) | 7.71% | 7.71% | 7.27% | 7.27% |

Note: The net income here is based on the figure stated in the parent company only financial reports.

(2) Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

a. Remuneration policy, standard and combination

The decision of Director’s remuneration is based on the company's articles of association and the "Principles of remuneration for directors" approved by the remuneration committee and the board of directors. The "Board Performance Evaluation Method" (including committee performance evaluations) serves as the basis for assessment, taking into account the director's level of involvement and value of contributions to the company (including but not limited to their dedication to company affairs, meeting attendance, continuous learning, etc.). The relevant industry benchmarks are considered and discussed by the Remuneration Committee, after the resolution of the board of directors, the report of the general meeting of shareholders shall be submitted in accordance with the law. Director remuneration consists of fixed remuneration, remuneration based on company profits, and business execution fees (including travel expenses).

The decision of executive remuneration is based on the position held, responsibilities assumed, and performance contributions (including but not limited to the achievement of company operational goals and individual annual objectives, such as company revenue, net profit achievement rate, growth rate, level of participation in subsidiary operations, promotion and assistance in new businesses, inventory optimization, etc.). It is also based on the relevant industry benchmarks and designed to reflect job performance. Executive remuneration includes salary, bonuses, and employee benefits.

b. Procedure for setting remuneration

In accordance with Article 22 of the company's Articles of association, if the company generates profits in the year, after reserving an amount to make up for cumulative losses, an amount not exceeding 0.8% of the remaining balance should be allocated as director remuneration. The allocation method is determined by the Remuneration Committee and approved by the board of directors, and it is reported to the shareholders. According to the organization regulations of the Remuneration Committee, the payment of director remuneration follows the "Director Remuneration Payment Principles" and "Board Performance Evaluation Method," with the following principles: fixed remuneration, remuneration based on company profits, and business execution expenses (including travel expenses). (1) The fixed remuneration amount is based on domestic and international industry standards. (2) Remuneration based on company profits is only applicable to independent directors, and the total amount of remuneration is allocated according to the company's Articles of Incorporation. (3) Business execution expenses (including travel expenses) are received based on the number of board meetings attended by the directors.

Regarding executive remuneration, in accordance with Article 22 of the company's Articles of Incorporation, if the company generates profits in the year, after reserving an amount to make up for cumulative losses, an amount not less than 2% should be allocated as employee remuneration. Employee remuneration can be in the form of cash or stock, and the distribution recipients and conditions are determined by the board of directors. The specific frequency, dates, and requirements for distribution are proposed and managed by the annual Remuneration Committee/Board of Directors report.

c. Correlation between performance appraisal and remuneration

The directors and executives’ remuneration is determined by considering the relevant industry benchmarks and the company's past operational performance. the payment standard, structure and system will also be reviewed and adjusted at any time in accordance with the actual operating conditions and changes in relevant laws and regulations, and does not seek to guide managers engage in behavior that exceeds the company's risk in return for remuneration. The reasonableness of performance assessment and compensation is reviewed by the Remuneration Committee and the board of directors. In addition, the remuneration committee of the company will also regularly evaluate the remuneration of managers, and submit the suggestions to the board of directors for discussion, in order to balance the sustainable operation of the company and risk control.

## 3.3 The state of the company's implementation of corporate governance

### 3.3.1 Operation of the Board of Directors

The number of board meetings held in the most recent fiscal year (from January 1, 2022 to December 31, 2022) was: 4. The attendance by the directors was as follows:

| Job title | Name | No. of meetings attended in person | No. of meetings attended by proxy | In-person attendance rate (%) | Remarks |
|---|---|---|---|---|---|
| Chairman | Acer Inc. Representative: Jason Chen | 4 | 0 | 100 | |
| Director | Acer Inc. Representative: Dave Lin | 4 | 0 | 100 | |
| Director | Acer Inc. Representative: Meggy Chen | 4 | 0 | 100 | |
| Independent director | Jui-Po Tang | 4 | 0 | 100 | |
| Independent director | Ming-Chih Wang | 4 | 0 | 100 | |
| Independent director | Kuang-Hua Shao | 4 | 0 | 100 | |
| Independent director | Yeh-Jen Cheng | 3 | 0 | 75 | |

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(I) Any matter under Article 14-3 of the Securities and Exchange Act:

| Board meeting date and meeting session number | Content of the motion(s) & measures taken | Any matter under Article 14-3 of the Securities and Exchange Act | Independent directors' dissenting or qualified opinions |
|---|---|---|---|
| March 14, 2022 The 1st meeting of the board of directors in 2022 | 1. Proposal for the 2021 Financial Statements and Business Report | v | None |
| | 2. Approval of the "Statement on Internal Control" for the year of 2021 | v | None |
| | 3. Proposal for distribution of 2021 profits | v | None |
| | 4. Amendments to the "Rules of Procedure for Shareholders' Meetings" and "Procedures for the Acquisition or Disposal of Assets" | v | None |
| | 5. Approval of the investment in Bluechip Infotech Pty Ltd | v | None |
| | 6. The CPA(s) engaged to audit and attest the 2022 financial statements and evaluation of the Company's external auditors' independence | v | None |

| | | | |
|---|---|---|---|
| | 7. Matters related to loans to other parties made by the Company and its subsidiaries | v | None |
| | 8. Acquisition or disposal of real property and right-of-use assets | v | None |
| | Opinions of the independent directors: None. | | |
| | The measures taken by the Company based on the opinions of the independent directors: None. | | |
| | Outcome of resolution: Approved unanimously by all the directors present in the meeting | | |
| May 3, 2022 The 2nd meeting of the board of directors in 2022 | 1. Approval of the Consolidated Financial Reports for the 1st Quarter of 2022 reviewed by a CPA | v | None |
| | 2. Proposal for matters related to endorsements/guarantees made by the Company | v | None |
| | 3. Report of the matters related to loans to other parties made by the Company and its subsidiaries | v | None |
| | Opinions of the independent directors: None. | | |
| | The measures taken by the Company based on the opinions of the independent directors: None. | | |
| | Outcome of resolution: Approved unanimously by all the directors present in the meeting | | |
| August 2, 2022 The 3rd meeting of the board of directors in 2022 | 1. Approval of the Consolidated Financial Reports for the 2nd Quarter of 2022 | v | None |
| | 2. Approval of the matters related to loans to other parties made by the Company and its subsidiaries | v | None |
| | Opinions of the independent directors: None. | | |
| | The measures taken by the Company based on the opinions of the independent directors: None. | | |
| | Outcome of resolution: Approved unanimously by all the directors present in the meeting | | |
| November 1, 2022 The 4th meeting of the board of directors in 2022 | 1. The Consolidated Financial Reports for the 3rd Quarter of 2022 | v | None |
| | 2. Participation in the cash capital increase of the subsidiary of Protrade Applied Materials Corp. | v | None |
| | 3. Additions and revisions to the Company's internal bylaws | v | None |
| | 4. Proposal for approval of the matters related to loans to other parties made by the Company and its subsidiaries | v | None |
| | 5. Addition of the acquisition or disposal of real property and right-of-use assets | v | None |
| | Opinions of the independent directors: None. | | |
| | The measures taken by the Company based on the opinions of the independent directors: None. | | |
| | Outcome of resolution: Approved unanimously by all the directors present in the meeting | | |

(II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: None.

II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest:

| Board meeting date and meeting session number | Content of motion | The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest |
|---|---|---|
| March 14, 2022 | Appropriate budget for | 1. For remuneration to general directors and |

| | | |
|---|---|---|
| The 1st meeting of the board of directors in 2022 | employees' compensation and remuneration to directors for the year of 2021 according to the Articles of Incorporation | employees' compensation: All directors serving as Acer's legal representatives recuse themselves from participating in discussion and voting due to the conflicts of interest they have with the motion. The remuneration to general directors and employees' compensation were approved unanimously after the acting chair Director Yeh-Jen Cheng asked for the opinions of other directors present in the meeting.<br>2. For remuneration to directors: Independent directors recuse themselves from participating in discussion and voting due to the conflicts of interest they have with the motion. The motion was approved unanimously after the chair asked for the opinions of other directors present in the meeting. |
| | Approval of the proposal for distribution of performance bonuses for managerial officers for the year of 2021 | Because this motion involved the interest of the managerial officers, the Director and President Dave Lin and relevant persons recused themselves from participating in discussion and voting. The motion was approved unanimously after the chair asked for the opinions of other directors present in the meeting. |
| | Proposal for managerial officers' salary adjustments for the year of 2022 | Because this motion involved the interest of the managerial officers, the Director and President Dave Lin and relevant persons recused themselves from participating in discussion and voting. The motion was approved unanimously after the chair asked for the opinions of other directors present in the meeting. |
| May 3, 2022<br>The 2nd meeting of the board of directors in 2022 | Proposal for the principles of distribution of employees' compensation and distribution of remuneration to managerial officers for the year of 2021 | Director and President Dave Lin recused himself from participating in discussion and voting in accordance with Article 206 of the Company Act and other relevant requirements. The motion was approved unanimously after the chair asked for opinions of other directors present in the meeting. |
| November 1, 2022<br>The 4th meeting of the board of directors in 2022 | Proposal for managerial officers' variable bonuses for the year of 2023 | Because this motion involved the interest of the managerial officers, the Director and President Dave Lin and relevant persons recused themselves from participating in discussion and voting. The motion was approved unanimously after the chair asked for the opinions of other directors present in the meeting. |

III. For a TWSE or TPEx listed company, disclose information on the implementation of the board of directors' self-evaluations (or peer evaluations)

| Evaluation cycle | Evaluation period | Scope of evaluation | Method of evaluation | Evaluation content |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Performed once per year | An evaluation was performed of the performance of the board of directors from 1 January 2022 to 31 December 2022. | 1. Evaluation of the performance of the board<br>2. Evaluation of the performance of individual directors<br>3. Evaluation of the performance of the functional committees | 1. Internal evaluation by the board<br>2. Self-evaluations by individual board members<br>3. Peer evaluations by board members | Evaluation of the performance of the board<br>1. Degree of the board's participation in the operation of the company<br>2. Improving the quality of the board's decision making<br>3. Composition and structure of the board<br>4. Election and continuing education of the directors<br>5. Internal control<br><br>Self-evaluations by individual board members<br>1. Familiarity with the goals and missions of the company<br>2. Awareness of the duties of a director<br>3. Participation in the operation of the company<br>4. Management of internal relationships and communication<br>5. The director's professionalism and continuing education<br>6. Internal control<br><br>Evaluation of the performance of the functional committees<br>1. Degree of participation in the operation of the company<br>2. Awareness of the duties of the functional committee<br>3. Improving the quality of decisions made by the functional committee<br>4. Makeup of the functional committee and election of its members<br>5. Internal control |

IV.The evaluation of targets (such as, the establishment of an audit committee, increase in information transparency, etc.) for strengthening of the functions of the board during the current and immediately preceding fiscal years, and measures taken toward achievement thereof:

The following functional committees have been established under the board of directors. Through the division of labor and cooperation, each committee actively strengthens the functions of the board to implement good corporate governance.

(I) For the purpose of developing the directors and managers' remuneration system of the Company, the Company established the remuneration committee after the board of directors granted the approval on February 27, 2020 in accordance with the Securities and Exchange Act and applicable laws and regulations promulgated by the competent authority, and the committee was composed of four independent directors.

(II) In order to implement corporate governance principles, after the election of all directors was brought forward and conducted at the special shareholders' meeting on February 18, 2020, the audit committee was established by the Company and composed of the entire number of independent directors in accordance with the applicable provisions of the Securities Exchange Act and the Company Act.

(III) In addition, the Company shall immediately publish material resolutions on the MOPS within the prescribed period after board meetings in accordance with applicable laws and regulation to fully disclose information and protect shareholders' rights and interests.

3.3.2 The state of operations of the audit committee

The number of audit committee meetings held in 2022 was: 4. The attendance by the independent directors was as follows:

| Job title | Name | No. of meetings attended in person | No. of meetings attended by proxy | In-person attendance rate (%) | Remarks |
|---|---|---|---|---|---|
| Independent director | Jui-Po Tang | 4 | 0 | 100 | |
| Independent director | Ming-Chih Wang | 4 | 0 | 100 | Chairman of audit committee |
| Independent director | Kuang-Hua Shao | 4 | 0 | 100 | |
| Independent director | Yeh-Jen Cheng | 3 | 0 | 75 | |

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.

(I) Any matter under Article 14-5 of the Securities and Exchange Act.

(II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors.

| Audit committee meeting date and meeting session number | Content of motion | Any matter under Article 14-5 of the Securities and Exchange Act | Any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors |
|---|---|---|---|
| March 14, 2022 The 1st meeting of the audit committee in 2022 | 1. Proposal for 2021 Financial Statements and Business Report | V | None |
| | 2. Approval of the Statement on Internal Control for the year of 2021 | V | None |
| | 3. Proposal for distribution of 2021 profits | V | None |
| | 4. Amendments to the "Procedures for the Acquisition or Disposal of Assets" | V | None |
| | 5. Approval of the investment in Bluechip Infotech Pty Ltd | V | None |
| | 6. The CPA(s) engaged to audit and attest the 2022 financial statements and evaluation of the Company's external auditors' independence | V | None |
| | 7. Report of the dedicated seal for endorsements/guarantees made by the Company and the authorized signatory of the letter of guarantee issued to a foreign company | V | None |
| | 8. Acquisition or disposal of real property and right-of-use assets | V | None |
| | Outcomes of audit committee resolutions: Approved by all audit committee members | | |
| | The measures taken by the Company based on the opinions of the audit committee: The proposals submitted by the audit committee to the board of directors were approved unanimously by all the directors present in the meeting. | | |
| May 3, 2022 The 2nd meeting of the audit committee in 2022 | 1. Approval of the Consolidated Financial Reports for the 1st Quarter of 2022 reviewed by a CPA | V | None |
| | 2. Proposal for matters related to endorsements/guarantees made by the Company | V | None |
| | 3. Report of the matters related to loans to other parties made by the Company and its subsidiaries | V | None |
| | Outcomes of audit committee resolutions: Approved by all audit committee members | | |

| | | | |
|---|---|---|---|
| | The measures taken by the Company based on the opinions of the audit committee: The proposals submitted by the audit committee to the board of directors were approved unanimously by all the directors present in the meeting. | | |
| August 2, 2022 The 3rd meeting of the audit committee in 2022 | 1. Approval of the Consolidated Financial Reports for the 2nd Quarter of 2022 reviewed by a CPA | V | None |
| | 2. Proposal for approval of the matters related to loans to other parties made by the Company and its subsidiaries | V | None |
| | Outcomes of audit committee resolutions: Approved by all audit committee members | | |
| | The measures taken by the Company based on the opinions of the audit committee: The proposals submitted by the audit committee to the board of directors were approved unanimously by all the directors present in the meeting. | | |
| November 1, 2022 The 4th meeting of the audit committee in 2022 | 1. Approval of the Consolidated Financial Reports for the 3rd Quarter of 2022 reviewed by a CPA | V | None |
| | 2. Approval of the 2023 Audit Plan | V | None |
| | 3. Additions and revisions to the Company's internal bylaws | V | None |
| | 4. Participation in the cash capital increase of the subsidiary of Protrade Applied Materials Corp. | V | None |
| | 5. Report of the matters related to loans to other parties made by the Company and its subsidiaries | V | None |
| | 6. Addition of the acquisition or disposal of real property and right-of-use assets | V | None |
| | Outcomes of audit committee resolutions: Approved by all audit committee members | | |
| | The measures taken by the Company based on the opinions of the audit committee: The proposals submitted by the audit committee to the board of directors were approved unanimously by all the directors present in the meeting. | | |

II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director vote: None.

III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditors (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication).

(I) The Company's chief audit officer regularly submits the auditor's report to the independent directors for review, and regularly attends the audit committee and the board of directors meetings in a non-voting capacity to report the status of the audit and communicate with committee members on audit results and correction of deficiencies in internal control; however, if any special situation occurs, such situation will be immediately reported to the audit committee members. In addition, the chief audit officer shall also maintain two-way communication with independent directors through telephone and email at any time.

(II) The Company's audit committee and the chief internal audit officer communicate smoothly with each other. The communication is summarized as follows:

| Date | Highlights of communication | Results of communication |
|---|---|---|
| March 14, 2022 | 1. The Internal Audit Follow-up | After inquiring about the content and details |

| | | |
|---|---|---|
| The 1st meeting of the audit committee in 2022 | Report for the year of 2021<br>2. The "Statement on Internal Control" for the year of 2021 | of the report and further getting the reply and explanation from the chief internal audit officer, the independent directors did not have any opinion. |
| May 3, 2022<br>The 2nd meeting of the audit committee in 2022 | The Internal Audit Follow-up Report for the 1st Quarter of 2022 | After inquiring about the content and details of the report and further getting the reply and explanation from the chief internal audit officer, the independent directors did not have any opinion. |
| August 2, 2022<br>The 3rd meeting of the audit committee in 2022 | The Internal Audit Follow-up Report for the 2nd Quarter of 2022 | After inquiring about the content and details of the report with the acting chief Internal audit officer and further getting the reply and explanation from the acting chief Internal audit officer, the independent directors did not have any opinion. |
| November 1, 2022<br>The 4th meeting of the audit committee in 2022 | The Internal Audit Follow-up Report for the 3rd Quarter of 2022 | After inquiring about the content and details of the report and further getting the reply and explanation from the chief internal audit officer, the independent directors did not have any opinion. |

(III) The CPAs report the audit or review results on the financial statement for the quarter and other matters related to the communication required by the relevant laws and regulations to the audit committee on a quarterly basis; however, if any special situation occurs, such situation will be immediately reported to the audit committee members.

(IV) Audit Committee members and CPAs have good communication, the communication are summarized as below:

| Date | Highlights of communication | Results of communication |
|---|---|---|
| March 14, 2022<br>The 1st meeting of the audit committee in 2022 | 1. The audit results of 2021 Financial Statements<br>2. Important regulatory updates | After inquiring about the content and details of the report and further getting the reply and explanation from the CPA, the independent directors did not have any opinion. |
| May 3, 2022<br>The 2nd meeting of the audit committee in 2022 | 1. The review results of Financial Statements for the 1st Quarter of 2022<br>2. Important regulatory updates | After inquiring about the content and details of the report and further getting the reply and explanation from the CPA, the independent directors did not have any opinion. |
| August 2, 2022<br>The 3rd meeting of the audit committee in 2022 | 1. The review results of Financial Statements for the 2nd Quarter of 2022<br>2. Important accounting standards or interpretations, securities regulations, and tax acts updates | After inquiring about the content and details of the report and further getting the reply and explanation from the CPA, the independent directors did not have any opinion. |
| November 1, 2022<br>The 4th meeting of the audit committee in 2022 | 1. The review results of Financial Statements for the 3rd Quarter of 2022<br>2. Annual audit planning<br>3. Important regulatory updates | After inquiring about the content and details of the report and further getting the reply and explanation from the CPA, the independent directors did not have any opinion. |

Professional qualifications and experience of audit committee members

| Member | Professional qualifications and experience |
|---|---|
| Jui-Po Tang | Jui-Po Tang used to work for Seagate Technology Holdings PLC as managing director of Asia Business and Marketing Department, and served as president of RUEYBO BUSINESS CORP. |

| Member | Professional qualifications and experience |
|---|---|
| | Jui-Po Tang graduated from EMBA and BA programs from National Chengchi University. |
| Kuang-Hua Shao | Kuang-Hua Shao used to work for Google International LLC Taiwan Branch (U.S.A.) as president of Cloud Services Department, and served as president of Microsoft Taiwan Corporation and vice president of Greater China at IBM Taiwan Corporation.<br>Kuang-Hua Sha holds a master's degree in computing science from the University of Illinois at Chicago (UIC). |
| Yeh-Jen Cheng | Yeh-Jen Cheng is currently the chairman of Zunyi International Trade (Shanghai) Co., Ltd.<br>Yeh-Jen Cheng used to work for Anheuser-Busch InBev Beer Co., Ltd. as president of Greater China, and was a partner of Lunar Capital Management Ltd.<br>Yeh-Jen Cheng holds a master's degree in financial management from the University of Minnesota |
| Ming-Chih Wang | Ming-Chih Wang is currently a director of KPMG Education Foundation.<br>Ming-Chih Wang used to work for Anhou Jianye United Accounting Firm (KPMG), and served as executive director of KPMG Taiwan, head of Kaohsiung Office, and a CPA.<br>Ming-Chih Wang holds a master's degree of Business Administration from National Taiwan University |

The Audit Committee is responsible for reviewing the following major matters:

(1) Review of financial statements
(2) Evaluation of the effectiveness of the internal control system
(3) Hiring of the attesting CPAs
(4) Bylaw amendments
(5) Review of the annual operational plan, budget, and audit plan

### 3.3.3 Corporate Governance - Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| 1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies? | ✓ | | In order to establish a sound corporate governance system, the Company has implemented its "Corporate Governance Best-Practice Principles" after the board of directors grants the approval on March 11, 2020. | No significant deviation |
| 2. Shareholding Structure and Shareholders' Rights<br>(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? | ✓ | | In order to ensure the rights and interests of shareholders, the Company has designated its spokesperson to handle shareholders' suggestions. | No significant deviation |
| (2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? | ✓ | | The Company knows the identity of its major shareholders and the parties with ultimate control of the major shareholders. | No significant deviation |
| (3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates? | ✓ | | The Company has built an appropriate risk management mechanism and firewall in accordance with its internal control system and relevant regulations including the regulations for subsidiary governance, the Operating Procedures for Endorsements and Guarantees, Operating Procedures for Loans to Other Parties, the Regulations Governing the Acquisition and Disposal of Assets, and other bylaws. | No significant deviation |
| (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information? | ✓ | | The Company has established the Procedures for the Prevention of Insider Trading to prohibit insider trading of securities based on undisclosed information. | No significant deviation |
| 3. Composition and responsibilities of the board of directors<br>(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented? | ✓ | | The Corporate Governance Best-Practice Principles released and brought into effect has prescribed that the composition of the board of directors shall be determined by taking diversity into consideration, and and work hard to implement this diversity policy. The | No significant deviation |

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons |
| --- | --- | --- | --- | --- |
| | Yes | No | Summary description | |
| | | | company's Board of directors comprised seven directors, including four independent directors and one female director. With professional abilities, they provide advice to the Board of directors on the implementation of the company's internal control system and resolutions, and different perspectives and contributions to facilitate the Board function. | |
| (2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee? | ✓ | | The Company has established the remuneration committee and the audit committee. It will set up other functional committees in the future according to the law and actual needs. | No significant deviation |
| (3) Has the Company established rules and methodology for evaluating the performance of its board of directors, and implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as a reference in determining salary/compensation for individual directors and their nomination and additional office terms? | ✓ | | The Company has established rules and methodology for evaluating the performance of its board of directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors after the evaluation, which will be used as a reference in determining salary/compensation for individual directors and their nomination and additional office terms. | No significant deviation |
| (4) Does the Company regularly evaluate its external auditors' independence? | ✓ | | 1. The evaluation on the qualifications and independence of CPAs is one of the main responsibilities of the Company's audit committee. The committee regularly evaluate the external auditors' independence and submit the evaluation results to the board of directors for approval.<br>2. The audit committee conducts a comprehensive evaluation according to the statement on independence issued by CPAs and relevant regulations. Important evaluation items are described as follows:<br>(1) Has the company's management respected the objective and | No significant deviation |

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | challenging audit process proposed by external auditors?<br>(2) Is it possible that the non-audit services provided by external auditors impair the independence of their audit?<br>(3) Has the CPA firm established the regulations for independence? The firm, persons employed by the firm, and other persons governed by the regulations for independence should maintain independence in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China. Any person should not engage in insider trading, misuse of inside information, or any conduct that may cause misunderstanding in securities or capital markets.<br>(4) Have the lead and review engagement partner rotated off when the length of their engagement has reached the prescribed time limit?<br>(5) Obtain information on 13 audit quality indicators (AQIs) in five dimensions provided by accounting firms, and evaluate the auditing of accounting firms and audit teams by the "Audit Committee's Interpretation of Audit Quality Indicators (AQI) Guidelines" issued by the competent authority Quality, the evaluation results are as follows:<br>• The independence between certified accountants and the company complies with the relevant provisions of the Chinese Accountant Law, Accountant Professional Ethics, US SEC, and PCAOB.<br>• As for the rating of the accounting firm, there have been no recent lawsuits that could affect the reputation, and its scale, resources, and geographical | |

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | location can meet the company's auditing needs.<br>・Quality control procedures formulate and follow its internal review of accounting judgments and the process of understanding significant disputes. | |
| 4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)? | ✓ | | The board appointed Acer's Governance Officer and Global General Counsel as the Company's Corporate Governance Officer on November 1, 2022, to supervise and assigned personnel from relevant units, including HR, Finance, and Legal units, to jointly perform corporate governance-related affairs, including but not limited to providing directors (including independent directors) with the information required to conduct business, Handle matters related to the meetings of the board of directors and shareholders' meeting according to law, handle company registration and change registration, prepare minutes of the board of directors and shareholders' meetings, etc. | No significant deviation |
| 5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues? | ✓ | | The Company has established the appropriate communication channels with suppliers, buyers, banks, investors and other stakeholders, including a stakeholders section on our website. Also, the "Stakeholder Grievance Mechanism" has been disclosed on Weblink.'s official website (http://www.weblink.com.tw) and there is a public E-mail Box (whistleblower.wlii@weblink.com.tw) handled by a dedicated officer | No significant deviation |
| 6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings? | ✓ | | The Company currently appoints SinoPac's Register & Transfer Agency Department to handle matters related to its shareholder meetings. | No significant deviation |
| 7. Information Disclosure<br>(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate | ✓ | | The Company has established the company website to disclose information on finance, operations, the enforcement of corporate governance in the shareholders' meeting and other | No significant deviation |

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| governance status? | | | institutional investor meetings. And disclosed the information on the Market Observation Post System (MOPS) required by the regulations. | |
| (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investor conferences, etc.)? | ✓ | | The company has set up a primary spokesperson and an acting spokesperson and designated a dedicated unit to handle information collection and disclosure; The relevant information has been disclosed on the company's website (http://www.weblink.com.tw/) and presented in Chinese and English and disclosed material information on the Market Observation Post System (MOPS) according to the law. | No significant deviation |
| (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines? | | ✓ | The Company has published and reported its financial reports for the first, second, and third quarters and its operating statements each month before the specified deadlines. However, there are many subsidiaries of the Company, and the accountant audit time is relatively long; the Company had difficulty publishing and reporting its annual financial report within two months after the end of the fiscal year, but it still published and reported its annual financial statement within the period prescribed by Article 36 of the Securities and Exchange Act. | Only slight gap of the period of announcement and declaration of the annual financial report, the others are all complied with "Corporate Governance Best-Practice Principles". |
| 8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)? | ✓ | | 1. The relevant information about the company's corporate governance has been disclosed on the company's website (https://www.weblink.com.tw/), the "Corporate Governance" page under the "Investor Zone.".<br>2. For employee rights and employee wellness, aligned with the new pension system put into force in 2005, the Company has dedicated personnel to be in charge of providing relevant regulatory information and assistance for employees. In addition to enrolling employees in labor insurance/ national health insurance and appropriating funds for pension to employees according to law, it also provides education and training, | No significant deviation |

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | health consultation, health examination, group insurance, and other benefits for employees.<br>3. Apart from the continuing education as required by the competent authority, the Company's directors and supervisor also participate in the continuing education arranged by the company.<br>4. The Company elected all directors at the special shareholders' meeting on February 18, 2020, setting up four independent directors and the audit committee in lieu of supervisors. With independent directors accounting for more than half of all the directors, it aims at strengthening the implementation of corporate governance. Since the establishment of the audit committee, the Company has held seven audit committee meetings in 2020. The chief audit officer also regularly submits audit reports to the audit committee.<br>5. The Company has clearly defined in the "Rules of Procedure for Board of Directors Meetings" that directors shall recuse themselves from participating in discussion and voting due to the conflicts of interest they have with the motion.<br>6. The company clearly stipulates in the "Corporate Governance Best-Practice Principles" that unless approved by the competent authority, directors should have more than half of the seats and not have spouses or relatives within the second degree.<br>7. The Company has purchased liability insurance for directors and officers.<br>8. The company actively participates in various social welfare activities, as shown in the "Social Responsibility" under the "Investor Zone" of the company's website (http://www.weblink.com.tw/). | |
| 9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement: Not applicable. | | | | |

3.3.4 If the company has a remuneration committee in place, the composition and operation of such committee shall be disclosed

(1) Information on Remuneration Committee Members

December 31, 2022

| Capacity (Note 1) | Qualification<br>Name | Professional qualifications and experience | Independence analysis | Number of other public companies at which the person concurrently serves as remuneration committee member |
|---|---|---|---|---|
| Independent director | Jui-Po Tang | 1. Jui-Po Tang used to work for Seagate Technology Holdings PLC as managing director of Asia Business and Marketing Department, and served as president of RUEYBO BUSINESS CORP.<br>2. Jui-Po Tang graduated from EMBA and BA programs from National Chengchi University.<br>3. He has professional expertise in the fields of business administration, operations, and marketing, and is under none of the circumstances set out in the subparagraphs of Article 30 of the Company Act. | 1. The person and her spouse or any relative within the second degree do not serve as a director, supervisor, or employee of the group's companies.<br>2. Neither the person nor her spouse or relatives within the second degree do not hold any shares of the Company.<br>3. The person or his spouse or any relative within the second degree neither serve as a director, supervisor, or employee of the companies that have a specific relationship with the Company nor provide any services such as business, legal, financial, or accounting services to the group's companies within the past 2 years. | 0 |
| Independent director | Kuang-Hua Shao | 1. Kuang-Hua Shao used to work for Google International LLC Taiwan Branch (U.S.A.) as president of Cloud Services Department and served as president of Microsoft Taiwan Corporation and vice president of Greater China at IBM Taiwan Corporation.<br>2. Kuang-Hua Sha holds a master's degree in computing science from the University of Illinois at Chicago (UIC).<br>3. He has professional expertise in the fields of business administration, operations, marketing, and information technology, and is under none of the circumstances set out in the subparagraphs of Article 30 of the Company Act. | | 0 |

| | | | | |
|---|---|---|---|---|
| Independent director (Convenor) | Yeh-Jen Cheng | 1. Yeh-Jen Cheng is currently the chairman of Zunyi International Trade (Shanghai) Co., Ltd.<br>2. Yeh-Jen Cheng used to work for Anheuser-Busch InBev Beer Co., Ltd. as president of Greater China, and was a partner of Lunar Capital Management Ltd.<br>3. Yeh-Jen Cheng holds a master's degree in financial management from the University of Minnesota<br>4. He has professional expertise in the fields of business administration, operations, and marketing, and is under none of the circumstances set out in the subparagraphs of Article 30 of the Company Act. | | 0 |
| Independent director | Ming-Chih Wang | 1. Ming-Chih Wang is currently a director of KPMG Education Foundation.<br>2. Ming-Chih Wang used to work for Anhou Jianye United Accounting Firm (KPMG), and served as executive director of KPMG Taiwan, head of Kaohsiung Office, and a CPA.<br>3. Ming-Chih Wang holds a master's degree of Business Administration from National Taiwan University<br>4. He has professional expertise in the fields of corporate finance, accounting, and risk management, and is under none of the circumstances set out in the subparagraphs of Article 30 of the Company Act. | | 0 |

(2) Operation of the Remuneration Committee

The Company's remuneration committee has a total of 4 members. The term of the current members is from February 27, 2020 to February 17, 2023. The number of remuneration committee meetings held in the most recent fiscal year (2022) was: 4. The attendance by the members was as follows:

| Job title | Name | No. of meetings attended in person | No. of meetings attended by proxy | In-person attendance rate (%) | Remarks |
|---|---|---|---|---|---|
| Convenor | Yeh-Jen Cheng | 3 | 1 | 75 | |
| Committee member | Kuang-Hua Shao | 4 | 0 | 100 | |
| Committee member | Jui-Po Tang | 4 | 0 | 100 | |
| Committee member | Ming-Chih Wang | 4 | 0 | 100 | |

Other information required to be disclosed:

I. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): Not applicable.

II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinions: Not applicable.

III. Duties of the remuneration committee

IV. The Company established the first term of the remuneration committee with the approval of the board of directors on February 27, 2020, and according to the Company's "Remuneration Committee Charter", the remuneration committee shall formulate and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors, and managerial officers. In addition, according to the Company's "Regulations for Payment of the Remuneration to Directors", directors who concurrently serve as the managerial officers of the Company shall only receive employees' compensation and shall not receive other director remuneration except for expenses and perquisites, and directors who receive fixed remuneration are limited to non-corporate directors and independent directors.

(3)Information on Members and the Operation of the Nomination Committee: Not applicable.

3.3.5 Promotion of Sustainable Development - Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

| Evaluation item | Implementation status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| 1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board? | | ✓ | Despite the Company has not established a governance framework and an exclusively (or concurrently) dedicated unit. Nevertheless, in order to fulfill its corporate social responsibility and to improve the progress of economic, environment and society, further to aim in the sustainable development, the Company has established the "Corporate Social Responsibility Best Practice Principles" with approval by the board of directors on March 11, 2020. Besides growing the business, the Company is encouraged to practice its corporate social liabilities actively to meet the development trend internationally, to raise economic contribution domestically, and to improve the living qualities of employees, neighborhoods, society by being a corporate citizen, for having advantages of competitivity in corporate responsibilities.<br>When fulfilling its corporate social responsibilities, the Company is not only noticing the rights of relation parties, at the same time of persuing sustainable development and profits, the Company values the envirment, society and corporate governance, and all mentioned above are included in the management and operations of the Company. The Company will keep practicing corporate governance, developing a sustainable environment, and protecting social welfare to root the corporate social responsibilities of the Company.<br>The Company actively participates very social welfare activities, the detail can be referred from the Company's website (http://www.weblink.com.tw/). | The Company will consider the development and trend of corporate responsibility internally and domestically, and the relativity of the core business, the effects of operational activities to the relations parties, etc. to futehr evaluate whether to established a governance framework or to set up an exclusively (or concurrently) dedicated unit, which will be suprervised by the board of directors and authorized the highest management team to deal with relevant matters. |
| 2. Does the company conduct risk assessments of environmental, social and corporate governance | ✓ | | The Company has established the "Corporate Social Responsibility Best Practice Principles" with approval by | No significant deviation |

| Evaluation item | Implementation status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? | | | the board of directors on March 11, 2020 and implemented them accordingly. The Company's president regularly brings together the managerial officers to hold the "monthly supervisor meetings" to conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations. If any item is recognized and identified in riskm the Company will assign relevant personnel to take charge the strategy of risk management and carry out the plan of the management. The Company will invest proper resources to practice the plan and pritorize the follow-up process, in order to decrease any negative impact on operations from any potential risks. . | |
| 3. Environmental Issues<br>(1) Has the Company set an environmental management system designed to industry characteristics? | ✓ | | The Company approved to establish the "Corporate Social Responsibility Code of Practice" by the board of directors on March 11, 2019, and implemented it accordingly. In accordance with Article 13 of the "Corporate Social Responsibility Code of Practice", the Company establishes a production and environmental management system based on industry characteristics, to collect and to evaluate sufficient and timely information on the impact of operating activities on the natural environment, and builds up measurable environmental sustainability targets. The Company also regularly review the continuity and relevance of its development, formulate specific plans or action plans and other implementation measures, and regularly review the effectiveness of its operation.<br>The Company has been engaged in the electronic channel industry, and, when installing home appliances, it assists in recycling old TVs, refrigerators, and washing machines at the consumers' homes in line with the Environmental | No significant deviation |

| Evaluation item | Implementation status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | Protection Administration’s recycling policy regarding four types of home appliances. Although these are not wastes produced in the company’s operations, the Company still provides this additional service to comply with its “Corporate Social Responsibility Best Practice Principles”. | |
| (2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact? | ✓ | | According to Article 12 of the Company's "Corporate Social Responsibility Code of Practice", the Company shall strive to improve the efficiency of resource use, and use recycled materials that have a low impact on the environment, so that the resources of earth will be used sustainably.<br>The Company is conducting the activities of centralizing temperature control system, light-off during lunch break system and resources recycling system, resource classification and resource recycling, the Company has also signed an industrial waste treatment services contract with a cleaning and recycling company and the recycling company is commissioned for the clearance, transportation, and disposal of industrial waste, so as to reduce the impact on the environment. | No significant deviation |
| (3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopting relevant measures to address them? | ✓ | | According to Article 17 of the Company's "Corporate Social Responsibility Code of Practice", the Company shall assess the current and future potential risks and opportunities of climate change on the Company, and take countermeasures for climate-related issues; adopt domestic or international standards or guidelines, and implement enterprise energy saving, carbon reduction and greenhouse gas reduction, in order to reduce the impact of the Company's operating activities on climate change.<br>The Company continues to follow the risks in relation with climate change-related policies and regulations, | No significant deviation |

| Evaluation item | Implementation status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | physical operations, and transformation strategies. The Company regularly analyzes and plans relevant countermeasures based on factors such as probability of occurrence and degree of impact for the risks. | |
| (4) Did the company collect data for the past two years on greenhouse gas emissions, the volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes? | ✓ | | According to the GRI Sustainability Reporting Standards (GRI Standards) and the GHG Protocol, Acer Group complies with the group's consolidated financial reporting boundaries, and continues to collect information on electricity, water, and waste through the online system, and entrusts a third party agency to conduct verification. The Company has been included in the scope of investigation and verification of Acer Group for greenhouse gas inventory, electricity, water and waste since 2018.<br>The relevant management is as follows:<br>1. Greenhouse gas: the Company follows Acer Group's strategy of integrating energy and climate change, and is expected to achieve the goal of RE100 in 2012. The Company also follows the Acer Group's Science-Based Target (SBT) methodology to formulate long-term carbon reduction goals, it is estimated that in 2011, compared with the base year of 2018, the target of 50% carbon reduction in Scope 1 and Scope 2 emissions will be achieved. As far as greenhouse gas information is concerned, both 2010 and 2011 have passed third party verification and obtained ISO14064-1 certificate (note 1). In 2011, the verified carbon emissions (Scope 1 and Scope 2) of the Company's operations were 664 metric tons, 3% increase in the previous year was mainly because of the acquisition of Protrade, an international trading company for chemical raw materials, in June 2011.<br>2. Water consumption: the Company follows Acer Group's short-term goal of reducing global water consumption by | No significant deviation |

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>1% per year, and the mid-range goal of reducing water consumption by 10% in 114 years compared to 107 years.<br><br>3. Waste: The main waste source of the Company is general domestic waste. In order to reduce waste output, we encourage colleagues to reduce the use of disposable plastics, tableware, and paper cups, and implement various resource recycling and regular business waste waste recycling management methods to strengthen waste reuse.<br><br>4. The information on water, waste and greenhouse gases is consolidated into the information of Acer Group and verified by SGS, a third-party verification unit. The information on water, waste and greenhouse gas of the Company is also disclosed in the annual report (below) and the company website (http://www.weblink.com.tw).<br><br>
<table>
<tr><th rowspan="2">year</th><th colspan="2">greenhouse gas emissions (ton, equivalent of carbon dioxide)</th><th>water consumption (degree)</th><th>weight of waste (ton)</th></tr>
<tr><th>Scope 1</th><th>Scope 2 (market base)</th><th></th><th></th></tr>
<tr><td>2021</td><td>30</td><td>613</td><td>7,183</td><td>9.81</td></tr>
<tr><td>2022</td><td>32</td><td>613</td><td>7,167</td><td>7.14</td></tr>
</table>
<br>Note 1: Acer Group ISO14064-1 certificate download https://www.acer-group.com/sustainability/zh/reports-certificates.html (The 2021 certificate independently shows the electricity consumption of the Company. The 2022 certificate is as of the date of publication of the annual report (The verification is still in progress, and will independently display the electricity consumption and greenhouse gas emissions of the Company)</td><td></td></tr>
<tr><td>4. Social Issues<br>(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</td><td>✓</td><td></td><td>According to Article 18 of the Company's "Corporate Social Responsibility Code of Practice", the Company shall abide by relevant laws and regulations, and abide by international human rights conventions.</td><td>No significant deviation</td></tr>
</table>

| Evaluation item | Implementation status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | Respect for human rights is a basic principle that the company adheres to. The company abides by internationally recognized labor human rights, such as freedom of association, right to collective bargaining, caring for vulnerable groups, prohibition of child labor, elimination of various forms of forced labor, elimination of discrimination in employment and employment, etc., and confirms that HR policies have no discriminations based on gender, race, socio-economic class, age, marital and family status, etc., to carry out equality and fairness in employment conditions, salary, benefits, training, evaluation and promotion opportunities. The Company provides an effective and appropriate complaint mechanism for situations that endanger labor rights and interests, and ensures the equality and transparency of the complaint process. The complaint channel is concise, convenient, and unimpeded, and an appropriate response should be given to the employee's grievance.<br>The Company continues to conduct training on human rights protection issues for employees, and provides education and training courses on issues such as integrity management operating procedures and behavior guidelines, anti-corruption, privacy, safe and healthy working environment, and sexual harassment prevention training courses to create a equal, compassionate and respectful working environment. | |
| (2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation? | ✓ | | The company strictly abides by labor laws to employ employees, upholds the principle of equal opportunity, and recruits through a transparent process, regardless of race, skin color, age, religion, nationality, ancestry, marital status, gender, sexuality, gender identity, military service status or political stance, etc., and only make judements in the facts of proper chacters and performances to recruit outstanding and various talents. | No significant deviation |

| Evaluation item | Implementation status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | The Company provides employees with various welfare measures, including group insurance, wedding and funeral subsidies, regular health examination, on-the-job training allowance, employee get-together, company trip, festival bonus, gifts for three traditional festivals, cash gift for birthday, etc. In addition, there is a bonus system to appropriately reflect business performance or results in employee salary/compensation.<br>Article 22 of the Company's Articles of Incorporation specified that if the Company has profits in the year end, after retaining the amount to make up for the accumulated losses in advance, no less than 2% of the profits should be distributed as employee remuneration. The company conducts salary surveys in the global industry market every year to formulate a reasonable and competitive salary system. The Company also distributes performance bonuses to the employees annually, based on the performance of each unit and the contribution of each employee. | |
| (3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees? | ✓ | | For implementing the safety and health policy and internal communication effectively, and promoting the environmental safety and health management system, the Company has an environmental safety and health team to implement safety and health projects according to the annual plan to ensure the effective operation of the maintenance system and promote various safety and health education and training, to comply with relevant regulations.<br>A total of 0 occupational injuries occurred at the workplace in the Company in 2011. | No significant deviation |
| (4) Has the Company established effective career development training programs for employees? | ✓ | | Besides the training for all newly hired employees, with the conviction of talent cultivation, the Company has arranged internal classes and external training on an irregular basis. For the purpose of personal growth and company development, it has | No significant deviation |

| Evaluation item | Implementation status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | organized education and training suitable for staff members at all levels and provided a comprehensive education and training system for employees. | |
| (5) Does the company comply with the relevant laws and international standards with regard to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies? | ✓ | | The Company comply with the relevant laws with regards to customer health and safety, customer privacy, and marketing and labeling of products and services. In order to protect the rights and interests of consumers, if consumers have any questions of procurement, operation, and service processes, they can contact us at any time through the following channels to reflect comments and suggestions:<br>•Internet download and support services<br>•Call center / technical support | No significant deviation |
| (6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation? | ✓ | | According to Article 26 of the Company's "Corporate Social Responsibility Code of Practice", when the Company signs contracts with major suppliers, the content shall include the compliance with the corporate social responsibility policies of both parties, and when the supplier violates the policies and results in a significant impact on the environment and society, the Company is entitled terminated or revoked the contract at any time.<br>Suppliers of the Company are all well-known international brands. The company and the Suppliers have a cooperative awareness of following relevant rules and regulations on issues such as environmental protection, occupational safety and health, or labor rights, also include terms of compliance with laws and/or the Responsible Business Alliance (RBA) Code of Conduct and other related ESG policies in the contract. | No significant deviation |
| 5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial | | ✓ | The company currently does not prepare its sustainability report and other reports disclosing non-financial information. | The Company will consider factors such as the international general reporting policies or guides, and |

| Evaluation item | Implementation status | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| information? Does the company obtain third party assurance or certification for the reports above? | | | | the correlations of the core business, the affacts over the relation parties by the Company and the Group's business operation, etc. to decide whether the Company will having sustainability report and other reports disclosing non-financial information. |

| |
|---|
| 6. If the Company has adopted its own sustainable development best practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe any deviation from the principles in the Company's operations: To enhance the overall competitiveness of the Company and to fulfill social, economic and environmental corporate responsibilities, the Company established the "Code of Ethical Conduct", "Code of Integrity Management", "Integrity Management Operation Procedures and Behavior Guidelines", "Prevention of Insider Trading Management Measures", all of which conduct how the employees interact with customers, business partners, shareholders and the community, and also include detailed regulations on business, supply chain management, gifts and entertainment, finance, information security, legal affairs, marketing communication, and community relations to strengthen the Company's ESG. |
| 7. Other important information to facilitate better understanding of the company's promotion of sustainable development: The Company participates in various social welfare activities actively, detail information can be referred from "Social Responsibility" under the "Investor Zone" of the Company's website (http://www.weblink.com.tw/). |

3.3.6 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

| Evaluation item | Implementation status | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| 1. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the board of directors and the top management team? | ✓ | | The Company has established the “Ethical Corporate Management Best Practice Principles” and “Operational Procedures and Guidelines for Ethical Corporate Management” with approval by its board of directors on March 11, 2020, and the board of directors and management team have implemented and followed the ethical corporate management policy. | No significant deviation |
| (2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies”? | ✓ | | The "Ethical Corporate Management Best Practice Principles" and "Operational Procedures and Guidelines for Ethical Corporate Management" were approved by the board of directors on March 11, 2020. The human resources, financial and legal departments jointly organize explicit norms and operational procedures. Cooperating and responsible, it is a dedicated unit accountable for formulating integrity management and prevention plans. It is affiliated with the board of directors and is responsible for preparing and supervising integrity management policies and prevention plans. "Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies" in the second paragraph of Article 7 shall be regularly audited by the audit unit to improve overall awareness, detect potential misconduct, and monitor compliance. | No significant deviation |
| (3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan? | ✓ | | On March 11, 2020, the company passed the Board of Directors resolution to formulate the"Ethical Corporate Management Best Practice Principles" and "Operational Procedures and Guidelines for Ethical Corporate Management," Standardize the matters that company personnel should pay attention to when performing business, including clear | No significant deviation |

| Evaluation item | Implementation status | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | operating procedures, behavior guidelines, punishment and complaints for violations, and reporting systems. At the same time, the company also has relevant regulations on the punishment and complaints system for employees violations, included in the education and training of new employees, and regularly audited by the audit unit to improve overall awareness, detect potential misconduct to monitor compliance and review and revise the previous disclosure plan at any time to implement honest management. | |
| 2. Ethical Management Practice<br>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts? | ✓ | | For companies and suppliers that have business dealings, the financial department conducts customer inspections, etc., and the legal department reviews the signed contract terms and evaluates the legality and integrity of the transaction before proceeding with subsequent transactions. When the company engages in various transactions with business partners, it will sign a "Letter of Integrity Commitment" or include the integrity commitment in relevant contracts. | No significant deviation |
| (2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation? | ✓ | | Under the "Ethical Corporate Management Best Practice Principles" and "Operational Procedures and Guidelines for Ethical Corporate Management" stipulated by the resolution of the board of directors on March 11, 2009, the human resources, financial and legal departments jointly form a dedicated unit, which is subordinate to the board of directors. Cooperate to promote and implement the integrity management of the enterprise, handle the revision, implementation, interpretation, consulting services and notification content registration and filing of operating procedures and behavior guidelines and other related operations and supervision, and report to the board of directors regularly (at least once a year). The company's | No significant deviation |

| Evaluation item | Implementation status | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | internal audit unit periodically checks the compliance situation, makes an audit report, submits it to the board of directors, or appoints an accountant to perform the audit. | |
| (3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies? | ✓ | | In addition to the"Ethical Corporate Management Best Practice Principles" and "Operational Procedures and Guidelines for Ethical Corporate Management," the company also has "Corporate Governance Best Practice Principles," "Ethical Code of Conduct," " Regulations On Insider Trading," and other policies to prevent conflicts of interest, and provide a complaint and report mailbox on the company's website (http://www.weblink.com.tw/). | No significant deviation |
| (4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits? | ✓ | | Implementing the company's accounting system, internal control system, and integrity management policy will all be part of the risk assessment process. Internal auditors will conduct audits per the annual audit plan, and external accountants will be entrusted to perform audits. | No significant deviation |
| (5) Does the company provide internal and external ethical corporate management training programs on a regular basis? | ✓ | | "Ethical Corporate Management Best Practice Principles" and "Operational Procedures and Guidelines for Ethical Corporate Management" are the highest code of conduct for the company's employees to conduct business activities. The company organizes education, training, and publicity related to integrity management from time to time to ensure that all relevant personnel understands and accept And abide by the company's code of ethical conduct. In addition, when each new employee joins, education and training are given to require employees to take by.<br>On August 19, 2022, the company held a "Fraud Risk Management and Integrity Management" training course for directors and managers, with 9 people participating. | No significant deviation |

| Evaluation item | Implementation status | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| 3. Implementation of Complaint Procedures<br>(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers? | ✓ | | Under the "Ethical Corporate Management Best Practice Principles" and "Operational Procedures and Guidelines for Ethical Corporate Management", the company has a specific reporting and reward system and provides complaints and reporting on the company's website (http://www.weblink.com.tw/) Mailbox when employees or interested parties discover any illegal behavior or violation of corporate governance activities, they can complain and report through the Mailbox, and the responsible unit will assign a particular appropriate person to handle the report according to the report. | No significant deviation |
| (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? | ✓ | | The company has established specific investigation standards and reporting systems in the "Ethical Corporate Management Best Practice Principles" and "Operational Procedures and Guidelines for Ethical Corporate Management", which also are announced on the company's website (http://www.weblink.com.tw/) for ensuring such complaints are handled in a confidential manner. | No significant deviation |
| (3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints? | ✓ | | In the "Ethical Corporate Management Best Practice Principles" and "Operational Procedures and Guidelines for Ethical Corporate Management", the Company has adopted proper measures to protect whistleblowers from retaliation for filing complaints. | No significant deviation |
| 4. Strengthening Information Disclosure<br>Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)? | ✓ | | The Company has published information and policy relating to Ethical Corporate Management on our website (www.weblink.com.tw) and Mops (http://mops.twse.com.tw). | No significant deviation |
| 5. If the company has adopted its own ethical corporate management best practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe any deviations between the principles and their implementation:<br>The Company has established the "Ethical Corporate Management Best Practice Principles" and "Operational Procedures and Guidelines for Ethical Corporate Management" based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and taking into consideration the company's practical | | | | |

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">business operation, and implemented ethical corporate management in accordance with relevant laws and regulations to regulate the matters that company's personnel shall pay attention to when performing their duties. There is no significant deviation between the principles and their implementation.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies: The Company strictly prohibits any unethical conduct or violations of the laws and regulations.</td></tr>
</table>

3.3.7 If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:
The Company has enacted "Corporate Governance Best-Practice Principles" and related internal rules. You are welcome to visit
The Company website (http://www.weblink.com.tw/) and Mops (http://mops.twse.com.tw).

3.3.8 Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed:

| Date | Institute | Name of Courses | Period | Name |
|---|---|---|---|---|
| 2022.03.16 | Taiwan Corporate Governance Association | The New Order of Global Shipping and Logistics | 1.5 hours | Jason Chen |
| 2022.05.05 | Taiwan Corporate Governance Association | How can leaders lead a low-carbon ESG transformation project? | 1.5 hours | Jason Chen |
| 2022.08.04 | Taiwan Corporate Governance Association | Updating of Taxation Regulations and Securities to the laws and regulations | 1.5 hours | Jason Chen |
| 2022.08.18 | Taiwan Corporate Governance Association | Corporate Governance and Securities Regulations | 3 hours | Jason Chen、Dave Lin、Yeh-Jen Cheng、Kuang-Hua Shao、Jui-Po Tang、Ming-Chih Wang |
| 2022.08.18 | Taiwan Corporate Governance Association | Global economic and financial situation insights and prospects New business model reform trends | 3 hours | Dave Lin、Yeh-Jen Cheng、Kuang-Hua Shao、Jui-Po Tang、Ming-Chih Wang |
| 2022.08.19 | Taiwan Corporate Governance Association | Fraud Risk Management and Integrity Management | 3 hours | Meggy Chen、Dave Lin、Kuang-Hua Shao、Jui-Po Tang、Ming-Chih Wang |
| 2022.11.03 | Taiwan Corporate Governance Association | Observations on the Cross-Strait and World Situation after the 20th CPC National Congress | 1.5 hours | Jason Chen |

3.3.9 The section on the state of implementation of the company's internal control system shall furnish the following:

(1) A Statement on Internal Control

Weblink International Inc.

Statement on Internal Control Systems

Date: March 15, 2023

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the period from January 1, 2022 to December 31, 2022:

1. We understand that it is the responsibility of the Company's board of directors and managerial officers to have internal control system established, enforced, and maintained. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant laws and regulations.
2. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three objectives above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and corrective action is taken whenever a deficiency is identified.
3. The Company has based on the criteria for the effectiveness of the internal control system set out in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the "Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the "Regulations" for details of the said items.
4. The Company has adopted the above judgment items for the internal control system to assess the design and operating effectiveness of the internal control system.
5. Based on the findings of the preceding assessment, the Company believes that, as of December 31, 2021, its internal control system (including supervision and management of subsidiaries) as well as monitoring the achievement of its objectives concerning operational effectiveness and efficiency; reliability, timeliness and transparency of the reporting and compliance with applicable laws and regulations, etc., were effective in design and operation, and reasonably assured the achievement of the above-mentioned objectives.
6. The Statement is the content of our annual report and prospectus for the information of the public. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

7. The Statement has been passed by board meeting held on March 14, 2022 with 0 holding dissenting opinions and all 7 attending directors affirming the content of the Statement.

Weblink International Inc.

Chairman: Jason Chen

President: Dave Lin

(2) Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

3.3.10 If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.3.11 Material resolutions of a shareholders' meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

(1) Material resolutions of board of directors meetings

| Date | Name of meeting | Content of material resolutions |
| --- | --- | --- |
| March 14, 2022 | March 14, 2022 The 1st meeting of the board of directors in 2022 | 1. To report 2021 employees' profit sharing bonus and directors' compensation<br>2. To Approve the 2021 Financial Statements and Business Report<br>3. To approve the Weblink's Statement of Internal Control System for 2021<br>4. To Approve the Proposal for Profit & Loss Appropriation of 2021<br>5. To Approve the Proposal of the Amendments to Article of Incorporation<br>6. To Approve the Proposal of the Amendments to Weblink's Internal Rules<br>7. To Convene the 2022 General Shareholders' Meeting<br>8. To Approve the investment of Bluechip Infotech Pty Ltd<br>9. To Approve the Appointment CPAs of KPMG as the Auditors of Weblink International Inc.<br>10. To approve the special seal of the company for endorsement guarantee and the signatory of the guarantee letter issued to foreign companies<br>11. To Adoption of the Company and Subsidiaries' Lending of Capital to others<br>12. To Approve the Acquiring or Disposing of ROU Assets<br>13. To Approve the application for a credit line from financial institutions<br>14. Proposal on bonus distribution for the fourth quarter of 2021 for the managers of the company<br>15. Proposal on bonus distribution for 2021 performance for the managers of the company |

| Date | Name of meeting | Content of material resolutions |
| --- | --- | --- |
| | | 16. Proposal on the managers of the company Salary Increase Proposal of the Year 2022 |
| May 3, 2022 | May 3, 2022<br>The 2nd meeting of the board of directors in 2022 | 1. To Approve the First Quarter of FY2022 Consolidated Financial Statements<br>2. To Approve the schedule of Greenhouse Gas (GHG) Inventory Verification<br>3. To Approve the Company's Corporate Guarantees<br>4. To Adoption of the Company and Subsidiaries' Lending of Capital to others<br>5. Proposal on bonus distribution for 2021 employees' profit sharing bonus and the managers of the company<br>6. Proposal on bonus distribution for the first quarter of 2022 for the managers of the company |
| August 2, 2022 | August 2, 2022<br>The 3th meeting of the board of directors in 2022 | 1. To Approve the Second Quarter of FY2022 Consolidated Financial Statements<br>2. To Adoption of the Company and Subsidiaries' Lending of Capital to others<br>3. To Approve the application for a credit line from financial institutions<br>4. Proposal on bonus distribution for the second quarter of 2022 for the managers of the company |
| November 1, 2022 | November 1, 2022<br>The 4th meetinsg of the board of directors in 2022 | 1. To Approve the Third Quarter of FY2022 Consolidated Financial Statements<br>2. To Approve the 2023 Business Plan<br>3. To Approve the Weblink's Annual Audit Plan for 2023<br>4. To Approve the Proposal of the Amendments to Weblink's Internal Rules<br>5. To Approve the company's participation in the cash capital increase of Protrade Applied Materials Corp.<br>6. To Adoption of the Company and Subsidiaries' Lending of Capital to others<br>7. To Approve the Acquiring or Disposing of ROU Assets<br>8. To Approve the application for a credit line from financial institutions<br>9. To appoint of corporate governance officer and Released Non-Compete Restrictions on the Managerial Officer<br>10. Proposal on bonus distribution for the third quarter of 2022 for the managers of the company<br>11. Proposal of target bonus for the executives of the Year 2023<br>12. Proposal of Salary Increase Proposal of the Year of 2023 |

(2) Material resolutions of shareholders' meetings

| Date | Resolutions | Results |
|---|---|---|
| June 9, 2022<br>Annual meeting of shareholders | Adoption of 2021 Business Report and Financial Statements | The motion was approved by the resolution of the shareholders' meeting. |
| | Discussion of 2021 profit distribution | The record date of cash dividends was set for July 12, 2022 and the distribution date for August 11, 2022, with a cash dividend of $3.2 per share. |
| | Discussion of the amendments to Article of Incorporation | The motion was approved by the resolution of the shareholders' meeting. |
| | Discussion of the amendments to Weblink's Internal Rules:<br>I. Procedures for Acquiring or Disposing of Assets<br>II. Regulations for the Conduct of Shareholders' Meeting | The motion was approved by the resolution of the shareholders' meeting. |

3.3.12 Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

3.3.13 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer: None.

3.4 Information on the professional fees of the attesting CPAs (external auditors):

3.4.1 The amounts of the audit fees and non-audit fees paid to the attesting certified public accountants and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services:

Unit: NT$ thousand

| Name of accounting firm | Names of CPAs | Period covered by the CPA audit | Audit fees | Non-audit fees | Remarks |
|---|---|---|---|---|---|
| KPMG Taiwan | Min-Ju Chao<br>Chun-Hsiu Kuan | January 1, 2022~December 31, 2022 | 3,650 | 400 | Tax service |

3.4.2 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.

3.4.3 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: Not applicable.

3.5 Information on replacement of certified public accountant: Not applicable.

3.6 Where the company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

3.7 Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(1) Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders

Unit: Shares

| Job title | Name | 2022 | | Fiscal year of 2023 as of April 9 | |
|---|---|---|---|---|---|
| | | Shareholding increase (or decrease) | Pledged shareholding increase (or decrease) | Shareholding increase (or decrease) | Pledged shareholding increase (or decrease) |
| Corporate director and shareholder with a stake of more than 10% | Acer Inc. | 0 | 0 | 0 | 0 |
| Chairman | Acer Inc. | 0 | 0 | 0 | 0 |
| | Legal Representative: Jason Chen | 0 | 0 | 0 | 0 |
| Director and President | Acer Inc. | 0 | 0 | 0 | 0 |
| | Legal Representative: Dave Lin | 0 | 0 | 0 | 0 |
| Director | Acer Inc. | 0 | 0 | 0 | 0 |
| | Legal Representative: Meggy Chen | 0 | 0 | 0 | 0 |
| Independent director | Jui-Po Tang | 0 | 0 | 0 | 0 |
| Independent director | Kuang-Hua Shao | 0 | 0 | 0 | 0 |
| Independent director | Yeh-Jen Cheng | 0 | 0 | 0 | 0 |
| Independent director | Ming-Chih Wang | 0 | 0 | 0 | 0 |
| Senior Vice President | Ming-Chi Cheng | 0 | 0 | 0 | 0 |
| Vice President | Nien-Chun Kao | 0 | 0 | (55,000) | 0 |
| Chief Financial & Accounting Officer | Shu-Chin Wang | 0 | 0 | 0 | 0 |

(2) Information on the company's directors, supervisors, managerial officers, and shareholders with a stake of more than 10 percent if the counterparty of a transfer of shareholding is a related party: None.

(3) Information on the company's directors, supervisors, managerial officers, and shareholders with a stake of more than 10 percent if the counterparty of a pledge of shareholding is a related party: None.

3.8 Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

April 9, 2023; Unit: Shares; %

| Name | Shareholding | | Shares held by spouse and minor children | | Total shareholding by nominee arrangements | | Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | Name (or person) | Relationship | |
| Acer Inc. | 48,073,116 | 58.93% | 0 | 0 | 0 | 0 | Hung Rouan Investment Corp. | Hung Rouan is Corporate director of Acer | - |
| Representative: Jason Chen | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - |
| Nissui Company Ltd. | 3,965,000 | 4.90% | 0 | 0 | 0 | 0 | - | - | - |
| Representative: Tzu-Ling Chen | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - |
| Cathay Venture Inc. | 1,638,000 | 2.01% | 0 | 0 | 0 | 0 | - | - | - |
| Representative: Jen-Han Chang | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - |
| Hung Rouan Investment Corp. | 1,289,651 | 1.58% | 0 | 0 | 0 | 0 | Acer Inc. | Hung Rouan is Corporate director of the Acer | - |
| Representative: Tzu-Hua Yeh | 552,674 | 0.68% | 0 | 0 | 0 | 0 | - | - | - |
| LAYERWALKER TECHNOLOGY, INC. | 1,050,000 | 1.29% | 0 | 0 | 0 | 0 | - | - | - |
| Representative: Ching-Kung Lai | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - |
| CTBC Venture Capital Co., Ltd. | 936,000 | 1.15% | 0 | 0 | 0 | 0 | - | - | - |
| Representative: Chih-Kang Wang | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - |
| Dave Lin | 832,604 | 1.02% | 0 | 0 | 0 | 0 | - | - | - |
| Mu Shih Investment Limited Company | 624,780 | 0.77% | 0 | 0 | 0 | 0 | - | - | - |
| Representative: Jason Chen | 0 | 0 | 0 | 0 | 0 | 0 | Acer Inc. | Representative of the said company | - |
| CARL LIN INDUSTRIAL CO., LTD. | 585,000 | 0.72% | 0 | 0 | 0 | 0 | - | - | - |
| Representative: Zheng-Hao Chen | 273,000 | 0.33% | 0 | 0 | 0 | 0 | - | - | - |
| Ya-Fen He | 574,249 | 0.70% | 0 | 0 | 0 | 0 | - | - | - |

3.9 The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company

December 31, 2022
Unit: Shares; %

| Investee enterprise | Investment by the Company | | Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company | | Total investment | |
|---|---|---|---|---|---|---|
| | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio |
| Piovision International Inc. | 882,000 | 30.22% | - | - | 882,000 | 30.22% |
| WELLIFE INC. | 1,000,000 | 100% | - | - | 1,000,000 | 100% |
| Antung Trading Corporation | 3,000,000 | 20% | - | - | 3,000,000 | 20% |
| Pecer Bio-Medical Technology Incorporated | 75,000 | 75% | - | - | 75,000 | 75% |
| Protrade Applied Materials Corp. | 14,340,150 | 62.53% | 373,575 | 1.63% | 14,713,725 | 64.15% |

# 4 Capital Raising Activities

## 4.1 Capital and shares

### 4.1.1 Source of capital stock:

April 9, 2023; Unit: NT$ thousand; thousand shares

| Month /year | Issued price (NT$) | Authorized capital | | Paid-in capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares (thousand shares) | Amount (NT$ thousand) | No. of shares (thousand shares) | Amount (NT$ thousand) | Sources of capital | Capital paid in by assets other than cash | Other |
| December 1977 | 1,000 | 2 | 2,000 | 2 | 2,000 | Establishment in cash | None | - |
| January 1987 | 1,000 | 5 | 5,000 | 5 | 5,000 | Cash capital increase of NT$3,000 thousand | None | Note 1 |
| November 1995 | 1,000 | 20 | 20,000 | 20 | 20,000 | Cash capital increase of NT$15,000 thousand | None | Note 2 |
| January 1997 | 10 | 20,000 | 200,000 | 19,900 | 199,000 | Cash capital increase of NT$179,000 thousand | None | Note 3 |
| May 1998 | 15 | 65,000 | 650,000 | 32,000 | 320,000 | Cash capital increase of NT$121,000 thousand | None | Note 4 |
| December 1999 | 30 | 65,000 | 650,000 | 47,000 | 470,000 | Cash capital increase of NT$150,000 thousand | None | Note 5 |
| July 2000 | 35 | 65,000 | 650,000 | 55,000 | 550,000 | Cash capital increase of NT$80,000 thousand | None | Note 6 |
| August 2005 | 10 | 82,500 | 825,000 | 61,875 | 618,750 | Capitalization of retained earnings of NT$68,750 thousand | None | Note 7 |
| July 2006 | 10 | 82,500 | 825,000 | 67,567.5 | 675,675 | Capitalization of retained earnings of NT$56,925 thousand | None | Note 8 |
| September 2015 | 10 | 82,500 | 825,000 | 70,236.6 | 702,366 | Capitalization of retained earnings of NT$26,691 thousand | None | Note 9 |
| August 2019 | 10 | 82,500 | 825,000 | 73,748.43 | 737,484.3 | Capitalization of retained earnings of NT$35,118.3 thousand | None | Note 10 |

| Month /year | Issued price (NT$) | Authorized capital | | Paid-in capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares (thousand shares) | Amount (NT$ thousand) | No. of shares (thousand shares) | Amount (NT$ thousand) | Sources of capital | Capital paid in by assets other than cash | Other |
| April 2021 | 10 | 100,000 | 1,000,000 | 81,581.43 | 815,814.3 | Cash capital increase of NT$78,000 thousand | None | Note 11 |

Note 1: Approved by Construction Bureau, Taipei City Government on January 6, 1987 with the Letter No. 160220

Note 2: Approved by the Construction Bureau, Taipei City Government on November 3, 1995 with the Letter No. 01032196

Note 3: Approved by Department of Commerce, Ministry of Economic Affairs on January 31, 1997 with the Letter No. (86) Commerce-101444, with a change in par value from NT$1,000 to NT$10

Note 4: Approved by Department of Commerce, Ministry of Economic Affairs on May 5, 1998 with the Letter No. (87) Commerce-108654

Note 5: Approved by Department of Commerce, Ministry of Economic Affairs on December 10, 1999 with the Letter No. (88) Commerce-144247

Note 6: Approved by Department of Commerce, Ministry of Economic Affairs on July 17, 2000 with the Letter No. (089) Commerce-124464

Note 7: Approved by Department of Commerce, Ministry of Economic Affairs on August 18, 2005 with the Letter No. Economic-Authorization-Business-09401162240

Note 8: Approved by Department of Commerce, Ministry of Economic Affairs on July 24, 2006 with the Letter No. Economic-Authorization-Business-09501157920

Note 9: Approved by Department of Commerce, Ministry of Economic Affairs on September 10, 2015 with the Letter No. Economic-Authorization-Business-10401186220

Note 10: Approved by Department of Commerce, Ministry of Economic Affairs on August 14, 2019 with the Letter No. Economic-Authorization-Business-10801112360

Note 11: Approved by Department of Commerce, Ministry of Economic Affairs on June 8, 2021 with the Letter No. Economic-Authorization-Business-11001065480

April 9, 2023; Unit: Shares

| Type of stock | Authorized capital | | | Remarks |
|---|---|---|---|---|
| | Outstanding shares | Unissued shares | Total | |
| Common share | 81,581,430 | 18,418,570 | 100,000,000 | Public offering shares |

### 4.1.2 Shareholder structure:

April 9, 2023; Unit: Persons; Shares; %

| Shareholder composition | Government agencies | Financial institutions | Other legal entities | Individuals | Foreign institutions and foreign individuals | Total |
|---|---|---|---|---|---|---|
| No. of shareholders | 0 | 4 | 39 | 4,838 | 21 | 4,902 |
| No. of shares held | 0 | 85,522 | 59,509,983 | 21,322,738 | 663,187 | 81,581,430 |
| Shareholding ratio | 0% | 0.10% | 72.95% | 26.14% | 0.81% | 100.00% |

### 4.1.3 Diffusion of ownership:

April 9, 2023; Unit: Persons; Shares; %

| Range of no. of shares held | No. of shareholders | No. of shares held | Shareholding ratio |
|---|---|---|---|
| 1 to 999 | 734 | 112,868 | 0.14% |
| 1,000 to 5,000 | 3,492 | 6,651,721 | 8.15% |
| 5,001 to 10,000 | 335 | 2,631,508 | 3.23% |
| 10,001 to 15,000 | 121 | 1,468,649 | 1.80% |
| 15,001 to 20,000 | 62 | 1,160,999 | 1.42% |
| 20,001 to 30,000 | 66 | 1,715,739 | 2.10% |
| 30,001 to 40,000 | 18 | 383,000 | 0.47% |
| 40,001 to 50,000 | 16 | 969,665 | 1.19% |
| 50,001 to 100,000 | 24 | 1,642,174 | 2.01% |
| 100,001 to 200,000 | 11 | 1,315,368 | 1.61% |
| 200,001 to 400,000 | 10 | 2,585,500 | 3.17% |
| 400,001 to 600,000 | 5 | 2,535,088 | 3.11% |
| 600,001 to 800,000 | 1 | 624,780 | 0.77% |
| 800,001 to 1,000,000 | 2 | 1,768,604 | 2.17% |
| NT$1,000,001 or above | 5 | 56,015,767 | 68.66% |
| Total | 4,902 | 81,581,430 | 100.00% |

### 4.1.4 List of major shareholders:

List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list

April 9, 2023; Unit: Shares; %

| Shares / Name of major shareholders | No. of shares held | Shareholding ratio |
|---|---|---|
| Acer Inc. | 48,073,116 | 58.93% |
| Nissui Company Ltd. | 3,965,000 | 4.86% |
| Cathay Venture Inc. | 1,638,000 | 2.01% |
| Hung Rouan Investment Corp. | 1,289,651 | 1.58% |
| LAYERWALKER TECHNOLOGY, INC. | 1,050,000 | 1.29% |
| CTBC Venture Capital Co., Ltd. | 936,000 | 1.15% |
| Dave Lin | 832,604 | 1.02% |
| Mu Shih Investment Limited Company | 624,780 | 0.77% |
| CARL LIN INDUSTRIAL CO., LTD. | 585,000 | 0.72% |
| Ya-Fen He | 574,249 | 0.70% |

4.1.5 Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information:

Unit: NT$; thousand shares

| Item | | Fiscal year | 2021 | 2022 |
|---|---|---|---|---|
| Market price per share | Highest | | 75.50 | 44.50 |
| | Lowest | | 34.55 | 35.05 |
| | Average | | 42.32 | 40.06 |
| Net worth per share | Before distribution | | 22.89 | 24.83 |
| | After distribution | | 19.69 | Not yet distributed |
| Earnings per share (EPS) | Weighted average shares | | 79,714 | 81.581 |
| | Earnings per share (EPS) | Before adjustment | 4.28 | 5.09 |
| | | After adjustment | 4.28 | - |
| Dividends per share | Cash dividends | | 3.2 | Not yet distributed |
| | Stock dividends | Dividends from retained earnings | - | Not yet distributed |
| | | Dividends from capital reserve | - | Not yet distributed |
| | Accumulated undistributed dividends | | - | Not yet distributed |
| Return on investment analysis | Price/earnings ratio (Note 1) | | 9.89 | 7.87 |
| | Price/dividend ratio (Note 1) | | 13.23 | 11.45 |
| | Cash dividend yield (Note 1) | | 7.56 | 8.74 |

Note 1: Since the Company has not yet been listed on TWSE/TPEx in 2020, there is no closing price to refer to, and the ratio cannot be calculated.

Note 2: The financial data for the fiscal years of 2020 and 2021 have both been audited and attested by CPAs.

4.1.6 Company's dividend policy and implementation thereof:

(1)The dividend policy set forth in the Company's Articles of Incorporation

If the Company has surplus profits when accounts closed at year end, it shall first pay all taxes and make up the losses for the preceding years, and then set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Next, the Company shall set aside or reverse another sum as a special reserve according to the laws and regulations or the requirements of the competent authority. The remaining balance plus prior years' accumulated undistributed earnings may be distributed pursuant to the board of directors' decision to propose a distribution plan; and in addition, thereto such plan shall be submitted to the shareholders' meeting for approval. The

Company, unless the surplus reserve is distributed in accordance with laws and regulations, shall not pay dividends or bonuses if there are no surplus earnings.

For the dividend policy, based on the current and future development plans, considering the investment environment, capital needs, and domestic and foreign competition, and taking into account factors such as shareholders' interests, the Company shall appropriate at least 10% of the profit distributable as dividends and bonuses to shareholders every year, which may be distributed in the form of shares or in cash. In order to achieve a balanced and stable dividend policy, when the Company pays dividends, cash dividends shall not be less than 10% of the total dividends. However, when the board of directors resolves to propose no dividend distribution and the shareholders' meeting adopts such decision, this shall not apply. If there are no surplus earnings, the company shall not pay dividends or bonuses. However, based on the consideration of the Company's financial, business, and operating factors, the company may distribute its legal reserve and capital reserve in whole or in part according to the laws and regulations or the requirements of the competent authority.

(2)The proposed distribution of dividends to shareholders for the current year:

The Company's 2022 profit distribution has been approved by a resolution of the board of directors on March 15, 2023, with a total of NT$285,535,005 to be distributed as dividends by cash and a cash dividend of NT$3.5 per share to be distributed. The distribution shall be conducted in accordance with the relevant regulations after the ratification by the 2023 annual meeting of shareholders.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

4.1.8 Profit-sharing compensation of employees, directors, and supervisors:

(1)The percentages or ranges with respect to employee, director, and supervisor profit-sharing compensation, as set forth in the company's articles of incorporation:

If the Company has profits at the end of the fiscal year, after setting aside the amount to cover accumulated losses, it shall appropriate at least 2% of the remaining balance for employees' compensation and not more than 0.8% for remuneration to directors. The Company may have the profit distributable as employees' compensation in the preceding two paragraphs distributed in cash or in the form of shares. Qualification requirements of employees entitled to receive shares or cash as mentioned above may include specific employees of parents or subsidiaries of the company meeting certain specific requirements.

(2)The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The profit before income tax before deducting the amount of employee, director, and supervisor profit-sharing compensation multiplied by the distribution ratio as set out in the Company's Articles of Incorporation is used as the basis of estimation. If there is any significant change in the amount paid as resolved by the board of directors before the date when the annual financial reports were authorized for issue, the adjustment for such change was originally recognized as an expense for the year. If there is still any significant change in the amount paid after the date when the annual financial reports were authorized for issue, such change shall be treated as a change in accounting estimates and adjusted and recognized in the next year.

(3)Information on any approval by the board of directors of distribution of profit-sharing compensation:

A. The amount of any employee profit-sharing compensation distributed in cash or stocks and director and supervisor profit-sharing compensation as approved by the board of directors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

As resolved by the board of directors on March 15, 2023, the Company distributed employee profit-sharing compensation in cash of NT$53,000,000 and director profit-sharing compensation of NT$4,240,000 for the year of 2022. There is no discrepancy between these amounts and the estimated figures for the fiscal year of 2022.

B. The amount of any employee profit-sharing compensation distributed in stocks as approved by the board of directors, and the size of that amount as a percentage of the sum of the after-tax net income for the current period and total employee profit-sharing compensation: Not applicable.

(4)The actual distribution of employee, director, and supervisor profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor profit-sharing compensation, additionally the discrepancy, cause, and how it is treated.

The distribution of employee, director, and supervisor profit-sharing compensation for the fiscal year of 2021 was resolved by the board of directors on March 14, 2022 and reported to the shareholders' meeting on June 9, 2022, and the Company distributed employee profit-sharing compensation of NT$43,500,000 and director and supervisor profit-sharing compensation of NT$3,200,000. There is no discrepancy between the actual distribution and the recognized amount for the fiscal year.

4.1.9 Status of a company repurchasing its own shares: None.

## 4.2 Information on the company's issuance of corporate bonds: None.

## 4.3 Information on preferred shares: None.

## 4.4 Information on global depository receipts: None.

## 4.5 Information on employee share subscription warrants: None.

## 4.6 Information on new restricted employee shares: None.

## 4.7 Information on issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

## 4.8 Information on implementation of the company's capital allocation plans: None.

# 5 Overview of Business Operations

5.1 Description of the business:

5.1.1 Scope of business:

(1) The company's major lines of business:

The Company acts as an agent of and engaged in the sales of 3C & computer peripherals, computers, computer software, game consoles, home appliances, and rubber products as its main business.

(2) The relative weight of each main product

Unit: NT$ thousand; %

| Product item \ Fiscal year | 2021 | | 2022 | |
|---|---|---|---|---|
| | Net revenue | Relative weight (%) | Net revenue | Relative weight (%) |
| Computer peripherals | 4,311,630 | 20.24 | 4,183,154 | 17.97 |
| System products | 4,073,366 | 19.12 | 3,905,565 | 16.78 |
| Software products | 3,661,571 | 17.19 | 3,851,392 | 16.54 |
| Life technology products | 5,000,499 | 23.48 | 5,173,491 | 22.22 |
| System integration products | 705,311 | 3.31 | 858,661 | 3.68 |
| Other | 3,547,562 | 16.66 | 5,309,731 | 22.81 |
| Total | 21,299,939 | 100.0 | 23,281,994 | 100.00 |

(3) Current products (services)

| Category | Main products |
|---|---|
| Computer peripherals | Monitors, printers and consumables, motherboards, graphics cards, hard disks, memory cards, video systems, etc. |
| System and mobile device products | Desktops, notebooks, tablets, mobile phones, etc. |
| Software products | Computer operating system, anti-virus software, office software, drawing software, font software, etc. |
| Life technology products | Game consoles, game software, TVs, refrigerators, washing machines, air conditioners, air purifiers, etc. |
| System integration products | Workstations, servers, Netcom, Uninterruptible Power Supply (UPS) storage facilities, computer room equipment, digital signage, etc. |

(4) New products (services) planned for development

A. To introduce artificial intelligence, big data analysis, and cloud computing products

B. To include computer systems of international brands for which the Company acts as an agent

C. To actively introduce software products for enterprise management solutions

D. To continuously expand lifestyle products

E. To integrate home appliance physical stores and virtual channel resources and develop a new business model of O2O through Online to Offline business, creating a co-operation mode among original manufacturers, agents, dealers, and consumers.

5.1.2 Overview of the industry:

(1) Current status and development of the industry

In the first half of 2022, as business opportunities for the pandemic continued, demands were still there for working/learning from home. However, in the second half of 2022, with the post-pandemic development, the government gradually opened up and lifted its lockdown, and all relevant demands were already met, resulting in the fact that the overall IT products missed peak quarterality in the second half of the year. In addition, regarding the impact of inflation, although Taiwan's central bank has not substantially raised interest rates, the inflation's psychological impacts have cast a shadow on consumers' minds and reflected in the cooling real estate market, which is more closely related to us. Real estate is one of the primary drivers of economic activity in the country, and the real estate slump will affect the home appliance business.

A. DIY market

After Bitcoin's price hit a new all-time high of US$67000 in November 2021, it went down all the way and was cut to nearly US$29,000 in June 2022. Currently, it stays at less than US$20,000, which makes no more demand for mining, and the industry turns to the normal DIY market for development. In addition, given the fact that original manufacturers actively slashed prices to clear products with old models of Q2 and Q3, new models to be launched in Q4 2022 would once again drive business opportunities in the gaming DIY market.

B. Computers and peripherals market

In 2022, with the pandemic lockdown lifted, the demand for information security, the return of Taiwanese businessmen, the purchase of cloud equipment, and the needs from government projects, the commercial market grew compared to 2021. However, the household market still benefited from the economic dividends of staying at home due to the pandemic in the first half of 2022; however, given the fact that the global economy was weakened, the US dollar appreciated, and consumer behavior was shifted to tourism and catering after the pandemic lockdown was lifted, which led to a decline in demand in the household market. The gaming market regained momentum in Q4 2022 due to the launch of nVIDIA's new chip, but the business performance is largely still not as good as that driven by cryptocurrency mining in 2021.

C. Home appliances market

Thanks to the booming real estate market in 2022 and a number of energy saving subsidies provided by the government, home appliance products brought strong business results. Further to its existing efforts, Weblink will continue to expand the business in scale: in addition to increasing the brands for which it acts as an agent, it will also continue to explore various electronic product items, so that the business can be developed in a multi-directional pattern.

D. Software products market

According to the worldwide IT spending forecast by Gartner, Inc., spending on IT services and enterprise software will experience higher growth compared to other equipment and data center systems. The pace of Taiwan's digital transformation is accelerating, and applications such as big data, cloud computing, mobile applications, and intelligent devices are becoming more mature. In this wave of global digital transformation, half of the output value of Taiwan's Gross Domestic Product (GDP) is expected to come from digital products and services within four years. Taiwanese organizations will deploy more digital transformation plans and deploy emerging technologies such as artificial intelligence, which will drive further growth in the output value of digital transformation.

E. Energy storage market

According to Research firm InfoLink, Taiwan's energy storage market scale is valued at NT$$8.8 billion this year, and is projected to exceed NT$200 billion by 2030, showing a several-fold increase. Coupled with the crisis of power outages and power rationing, the inelastic demand for UPS increases dramatically and business opportunities for energy storage are blooming everywhere.

F. Game consoles market

The home video game consoles market is expected to grow to US$51.8 billion in 2022, down 4.2% from last year. There was not many hot-selling gaming software in 2022, and video game consoles such as Sony PS5 were affected by the shortage of chips in the first half of the year; therefore, the supply capacity could not be improved. However, driven by e-Sports, PC video games were expected to grow by 0.7% to US$40.5 billion, making it the only video game market to grow in 2022.

(2) The links between the upstream, midstream, and downstream segments of the industry supply chain of the electronic products channel agency business

| Vertical linkage | Type of supplier | Nature |
|---|---|---|
| Upstream segment | Manufacturer, brand owner | Responsible for design/development/manufacturing/brand promotion |

<table>
<tr><th>Vertical linkage</th><th colspan="2">Type of supplier</th><th>Nature</th></tr>
<tr><td rowspan="3">Midstream segment (distributor)</td><td rowspan="2">Agent</td><td>Large distributor</td><td rowspan="2">Distribution/stocking up/technical support/after-sales service</td></tr>
<tr><td>General distributor</td></tr>
<tr><td>Wholesaler</td><td>General distributor</td><td>Buy and sell</td></tr>
<tr><td>downstream segment</td><td colspan="2">Dealer/store<br>System integration provider<br>Value-added reseller<br>E-commerce channel</td><td>Facing consumers directly</td></tr>
<tr><td>End users</td><td colspan="3">Government agencies/schools/enterprises/families/individuals</td></tr>
</table>

In the era of meager profit, vertical division of labor becomes more specialized or compartmentalized, leading to three professional division of labor of upstream, midstream, and downstream segments in the current electronic products channel agency industry. Through constant deliberations among the upstream, midstream, and downstream segments; for example, how to reduce the cost generated in the vertical division of labor, or which segment to be in charge will obtain the maximum benefits, the current domestic information and electronic products channel structure has been formed: manufacturers and brand owners in the upstream segment are responsible for design, R&D, manufacturing, and brand promotion; agents in the midstream segment are responsible for distribution, stocking up, technical support, and after-sales repair service; distributors in the downstream segment face consumers directly, explain product features, and solve the consumer’s problems.

A. Producers (upstream segment): In general, most producers are original manufacturers. When choosing a channel agent, original manufacturers will consider the operating capacity and financial status of a channel agent, so as to prevent the channel agent from being unable to meet the market growth demand of original manufacturers with its operating or financial capacity.

B. Distributors (midstream segment): Distributors refer to channel agents, distributors, or dealers. Companies in the upstream segment (original manufacturers) can work with channel agents or cooperate with distributors or wholesalers based on their product characteristics and company policies. Companies in the midstream segment may also transfer or sell products to each other depending on product characteristics or the intensity of attributes. The difference between channel agents and dealers is that the former provides distribution, stocking up, technical support, and after-sales service, and channel agents with a sound operation mechanism and business scale can also create more value in the industrial chain.

C. Dealers (upstream segment): Dealers refer to general dealers, namely general computer stores, chain stores, lifestyle stores, Internet platform providers, system integrators, value-added resellers, etc., who sell 3C or IT products to end users. In the commercial channel market, dealers and channel agents jointly provide total solutions for end customers, covering product planning, technical support, logistics services, repair services, etc., and dealers and channel agents need to cooperate closely. In the consumer channel market, the business has been operated through channels, including large-scale chain stores, e-commerce online shopping, and TV shopping, which involve a large number of product items for sale and a higher level of complexity in management. Therefore, only channel agents equipped with strong capabilities in inventory management, repair and maintenance, and informatization are capable of providing comprehensive support for such consumer channels.

(3) Development trends for the company's products

A. Computer system products: Weblink acts as an agent or dealer for all kinds of system products of Acer, Apple, Lenovo, Samsung tablet, LG Nexstgo, Microsoft Surface, Dynabook to meet the needs of domestic markets and various applications such as thin and lightweight notebooks for commercial use, rugged notebooks for industrial use, computers for designers, portable tablet computers, etc. With the difference in functionality, the computer systems market size has thus been expanded. In addition, it continues to invest resources in acting as an agent for products in the commercial market over multiple fields such as AI, Big Data, Internet of things (IoT), enterprise solutions, and network computer room equipment & construction to increase the depth and breadth of the market development by Weblink as an agent or distributor.

B. DIY products market: In addition to computer systems, Weblink has always focused on the DIY market in its development. In the second half of 2022, as the bitcoin mining craziness subsided, the demand from the gaming market came in next. Moreover, the launch of high-performance game chips by nVIDIA and other original chip manufacturers will bring high-end, self-assembling computers back to the mainstream, and the prices of important components for game cards will also gradually return to a reasonable range, so the Do-It-Yourself (DIY) market functioning can be improved.

C. Storage device: Thanks to the rise of cloud services, some users store data in public clouds for their needs to use personal storage devices. However, given concerns over confidentiality and security, there are users who still prefer to store data in private clouds or NAS machines. Although the overall consumption expenditure on data storage has decreased with technological advancement, the storage market still has potential for development due to the tremendous growth in data volume. Furthermore, because of its rapid technological development and a wide range of applications, Flash storage becomes an increasingly important component of storage systems, plus Flash price has declined sharply in recent days, on the one hand, some of its applications have already affected the traditional hard disk market, especially the personal use market, such as SSD, which takes the place of and works faster than traditional hard disk. On the other hand, Weblink holds an open view to add more suppliers and introduce and act as an agent for or sell products of Sandisk, Samsung, Apacer, ADATA, and other SSD-related products, providing more diversified choices in order to meet market demand.

D. LCD Monitor: Thanks to panel prices continuing to decline, the products in the market have been gradually changed to gaming, curved monitors, or with professional display features. Although these monitors with special features are sold at a higher unit price than traditional LCDs, due to the decline in panel prices throughout 2022, they are offered at an affordable price on average, thereby increasing the overall sales volume. Weblink has been an agent of well-known brands in the LCD monitor market, such as Acer, BenQ, LG, ViewSonic and Terra, etc., and will make continuous efforts to introduce different LCD monitor products in the future, so as to expand the market and provide customers with more diversified product choices.

E. Home appliances: In addition to large home appliances of LG, BENQ, and Whirlpool, Weblink has also introduced small home appliances such as air purifiers, dehumidifiers, and sweeping robots. Lately, in response to the pursuit of delicate life, it acted as an agent to sell LG smart wardrobes, wine cabinets, dishwashers, etc. Weblink adopts an open approach to the small home appliances market. In addition to small home appliances of LG, Whirlpool, 3M, BenQ, Philips, and other brands for which it acts as an agent or of which it sells products. In 2022, it also introduced the Fujitsu air conditioner and VIOMI small home appliances and is now negotiating with well-known brand owners to increase profitability on an ongoing basis.

F. Computer software products: With the advent of the digital age, companies will have to improve their competitiveness through digital transformation more than ever, and their operation processes should be more flexible and quickly respond to changing markets. To achieve this, cloud and data center applications will be used as the backbone of transformation. As applications of mobility, cloud, Fintech, and the Internet of Things become more common, a new digital ecosystem has emerged, and demand for cybersecurity is increasing. Additionally, cloud software and cybersecurity integration software are still the ones with strong growth momentum.

G. UPS storage products: In regard to power outages in Taiwan's energy transition, the Company integrates the UPS storage demand for important home appliances and homecare medical equipment with the mobile energy storage systems as an emerging trend, and introduces various brands of energy storage equipment and related solutions in multiple areas to meet the needs of companies and customers in all aspects.

(4) Competition for the company's products

After 40 years of development, the 3C and information product market has become mature and competitive; the situation is the same among upstream original manufacturers, midstream distributors, or downstream dealers. In such a perfectly competitive market, how to enable end users to benefit from both the latest technology and the best cost-effective products will be the key precondition for market profitability.

Apart from that, market competition is different due to the characteristics of 3C products:

A. 3C products are characterized by a shorter product life cycle. When getting out-of-date, they are easy to be stockpiled. 3C products are subject to unified specifications and a high degree of substitutability. Under the situation of the market share captured by lots of competitors at the same time, the competition is indeed fierce.

B. 3C product prices can fall rapidly. Product margins are thin, and gross margins are not easy to go up. Moreover, the product replacement rate is high due to technological advancement, in order to avoid hoarding the replaced products, companies often try to lower inventory through a price war, which, however, results in a sharp drop in sales and profits. Making judgements and assessments of the product sales cycle in an effective way and performing inventory control have been fundamentally essential for the sales and profits of 3C products.

C. 3C products place importance on product warranties and after-sales repair services. Although the product replacement rates are high, given the sky-high unit prices of some 3C products, in order to ease purchase concerns, product manufacturers and distributors have to provide consumers with comprehensive product warranty and repair services, which becomes another focus in competition besides product price.

D. 3C product brands are too many to ensure customer loyalty. As 3C products keep rolling out rapidly, with numerous brands and high homogeneity and substitutability, a single or a small number of branded product selections will not be able to satisfy end consumers in the market. Therefore, distributors need to act as an agent for as many brands as possible and provide them for downstream dealers so that they can get what they need with a single order, which also facilitates sales in the end market. How to increase brands for which the company acts as an agent and maintain the relationship between distributors and downstream dealers has also become a challenge.

E. The popularization of the Internet and the development of e-commerce are beneficial to channel sales of 3C products. Through the convenient website service that is connected to the back-end ERP system, customers can obtain product information, place orders, call for repairs, inquire about accounts, etc. Thus, in response to customers' needs, if the company can provide customers with more convenient online and system services, it can assure the downstream dealers' loyalty to distributors.

In view of the above characteristics of 3C products, channel agents have to conduct sound inventory management, implement a strict credit system, offer effective logistics and transportation, and have comprehensive after-sales service systems and technical support capabilities while acting as an agent of multiple brands and product categories in order to stand out in the fierce market competition.

5.1.3 Overview of the company's technologies and its research and development work

The Company is a professional channel agent of electronic products and has no research and development department. Facing a highly competitive market, the main profit comes from management and innovation. On the one hand, Weblink continues to promote the B2B e-commerce platform to meet the needs of peripheral small and medium-sized dealers. On the other hand, it adopts sales data exchange to large-sized dealers and has a good grasp of their purchases, sales, and inventory, so as to improve the effectiveness of product turnover. All these tasks require technical support from MIS, and Weblink's 20 years of cultivation of MIS personnel's techniques can indeed provide products that meet market demand.

5.1.4 The company's long- and short-term business development plans

(1) Short-term business goals

Weblink develops its business performance based on the 721 standard principles, that is, 70% of the efforts will be made to expand the business performance part of its own business, 20% to engage in matters related to its own business, and 10% to explore new fields and new products in the hope of continuing to grow in the product agent business.

(2) Mid- and long-term operating directions

A. Weblink adopts the ABC strategy to create a win-win platform with dealers, thinking about how to use "A" - artificial intelligence (AI), "B' - big data analysis, and "C" - cloud data computing to avoid unnecessary waste of resources in operation, provide goods to dealers or end customers promptly and accurately, and create a co-operating and co-existing ecological environment.

B. Through mergers or acquisitions and impact investment, Weblink is gradually building and expanding the partner platform. Through the development of a partnership economy, it integrates cross-industry channels to reduce the operational risks of individual companies, realizes synergy effects, and helps domestic distributors move toward the goals of internationalization and sustainable operation.

C. In the long run, Weblink, as part of Acer Group, will cooperate with Acer Group's business locations worldwide at the right time, look for the right targets, and expand its overseas locations so as to become a global channel agent as the ultimate goal.

5.2 Analysis of the market as well as the production and marketing situation:

5.2.1 Market analysis

(1) Geographic areas where the main products (services) of the company are provided (supplied)

Unit: NT$ thousand; %

| Fiscal year / Geographic areas | 2021 | | 2022 | |
|---|---|---|---|---|
| | Amount | Percentage (%) | Amount | Percentage (%) |
| Taiwan | 18,092,437 | 84.94 | 18,353,377 | 78.83 |
| China | 1,001,843 | 4.70 | 1,570,613 | 6.75 |
| U.S. | 925,942 | 4.35 | 1,649,470 | 7.08 |
| Other | 1,279,717 | 6.01 | 1,708,534 | 7.34 |
| Total | 21,299,939 | 100.0 | 23,281,994 | 100.0 |

(2) Market share

According to the data from the MOPS, the TWSE-listed, TPEx-listed, and emerging-stock companies reported a total revenue of NT$2.63 trillion in 2022, with Weblink's sales volume accounting for 0.89%.

(3) Demand and supply conditions for the market in the future and the market's growth potential

Weblink expand the business of acting as a channel agent for 3C products or providing related services based on a "win-win" approach as the core foundation, namely the sales and services strategy that further achieves a win-win situation for all parties by thinking about how to combine the advantages of the upstream, midstream, and downstream segments of the industry supply chain of 3C products sales and services, balance their respective interests, and bring the best quality products to end customers, which is just the way of kings highlighted by Acer Group.

In order to serve the vast number of end consumers, Weblink not only constantly introduces high-quality products from upstream original manufacturers into the Taiwan market, but also cooperates with downstream dealers to create a sound distribution system, hoping to deliver the best products to the consumer in the fastest and most convenient way. After years of continuous efforts, Weblink has gained the support of upstream manufacturers and the trust of downstream dealers, and has gradually formed a win-win economic system. However, the introduction and application of new technologies have had a certain impact on the industry, and Weblink also always pays attention to industrial changes and future demand and supply conditions as important reference materials for adjusting operations. The future demand and supply conditions and the market's growth potential of the product items for which the Company acts as an agent are described as follows:

A. Computer category:

Market demand was affected by negative factors such as inventory, the Russian-Ukrainian war, and rising inflation, leading to a downward revision of notebook market shipments in 2022 to 189 million units, a 23% decline YoY. The notebook market is forecasted to stay in the downward movement trend in 2023, and there will be a chance to recover in the second half of the year. It is estimated that the annual shipment will be 176 million units, a 6.9% decrease from last year. Faced with the dilemma of global notebook shipments, major manufacturers are all competing to expand business, improving consumer experience through high standards and customization while stimulating the potential demand of the market and becoming the notebook category that will continue to grow in the future. In 2023, the company will work with original manufacturers and dealers to more actively strive for the shipping opportunities of notebook computers in all categories and by projects.

The business volume is expected to slowly return to pre-pandemic levels in the tablet consumer market; therefore, the growth momentum will come from the increasing proportion of the commercial market. Sales promotion and market penetration into governments, schools, healthcare, and other sectors will the focus of business operations next year.

B. 3C peripherals product:

The demand for printing devices as a whole has decreased due to the convenience of the Internet and the paperless enterprise systems. Nevertheless, given that Epson printers for which Weblink acts as an agent have a leading position in the inkjet printers market, and that inkjet printers have the advantages of power and money saving, carbon free, and environmental protection that are in line with the pursuit of environmental, social, and governance (ESG) criteria by companies; with the improvement in the printing speed, there has been a tendency for them to gradually replace laser printers; therefore, the inkjet printer market still has room to grow.

In terms of monitors, the 2022 development trend will remain in 2023, gradually moving toward commercial and specific application business. In 2022, except for certain products in which traditional LCD panels are used, with the decrease in the cost of panels, selling prices are expected to be benefited and adjusted downward to create demand for replacing the old with the new, and for some monitors, OLED or mini LCD will be applied, which is going to be another trend and thus increases the likelihood of continuously driving up the average selling price and making the overall industry develop positively and healthily.

As for storage devices, the demand for solid-state drives has been increasing as a result of the drop in prices due to advances in production technology. It is estimated that these drives will play an important role in storage device products in the future. The brands for which Weblink acts as an agent or dealer include sandisk and Samsung, both of which are very important leading brands in this field.

C. Consumption products:

The focus lies on the development of home appliances. In Taiwan, people have pursued more quality of life in recent years, and the demand for high-standard, high-functioning, and high-quality home appliances also increases correspondingly. For example, the demand for air quality brings about business opportunities for air purifiers, and the demand for comfortable life brings about many different business opportunities, and the demand for visual sensibility brings about business opportunities for quality 4K or even 8K TVs. Weblink has cooperated with major international companies such as LG, Whirlpool, Philips, BenQ, 3M, Hitachi Home Appliances, and Fujitsu air conditioners and acted as an agent or dealer to provide home appliances with the highest quality and create a life of happiness for consumers.

D. Computer components:

Computer components are mainly supplied for the DIY market. Since there is not much difference in price between branded computers with general word processing functions and self-assembled, DIY computers, end customers mostly use branded machines; whereas the DIY computer components market has developed to aim at a high-end, self-determined, and market-driven end customer base, the computer components market is closely related to the DIY computer market. As the cryptocurrency business started to decline in 2022, the growth potential for computer components lies in the gambling market.

E. Computer software:

As networks spread, with data transferred frequently, and enterprises also emphasize the importance of digital transformation, there is a growing demand for cyber and information security, whether it is from individuals or enterprises. Weblink has been an agent of information security software products for more than 20 years; therefore, it has a good knowledge of individual and enterprise users' needs for information security protection. The end customers' demand for information security going forward will keep increasing due to the convenience of the Internet and hacker attacks, and the Company can also achieve excellent results in the sales of related antivirus and information security software. Meanwhile, as data storage/computing on the cloud has become a common practice, the business performance for cloud software products will continue to grow.

F. Storage products:

UPS storage products: In response to Taiwan's energy transition, the Company integrates the UPS storage demand for important home appliances and homecare medical equipment with the mobile energy storage systems as an emerging trend and introduces various brands, energy storage equipment, and related solutions in multiple areas to meet all the needs of companies and customers.

G. Gaming software and hardware products:

It has been six years since the Switch first released to the Taiwan market, with the market reaching near saturation. Looking forward, in addition to developing an applicable marketing strategy with the launch of new consoles or software to continuously stimulate new customers to buy or encourage old customers to make their second purchase for replacement, the Company will also race to snatch sales volume as the main goal to improve business performance. As for accessories and software, since there are already a lot of consoles in the market, the launch of new products can also bring more sales.

(4) The company's competitive niche

The key success factors in the channel market - Quickness, Efficiency, Quality, Precision, and Adaption

A. Quickness - Collect information quickly, deliver products quickly, process orders quickly, and provide after-sales service quickly

B. Efficiency - Conduct IT management to increase efficiency and save manpower; conduct precise management to improve workflow and save time

C. Quality - The quality of accounts receivable is high, the inventory is controlled at desired levels, and the service is satisfied through cooperation with partners

D. Precision - Perform precision analysis, precision marketing, and precision stock
E. Adaption - Become a self-learning organization and continuously change the operations management and leadership style in response to market changes

To achieve “Quickness, Efficiency, Quality, Precision, and Adaption”, Weblink has adopted the following strategies:

A. Sound inventory management: Take advantage of the ERP information management system to effectively manage purchases, sales, and inventory, reduce the number of weeks for stocking up, and lower the risk of price decline for carrying inventory and the burden of interest.

B. Strict credit system: In the face of more than 6,000 downstream dealers, it is necessary to prevent bad debts through a strict customer credit review mechanism and collection of accounts receivable by accounting personnel.

C. Effective logistics management and products delivery: Provide nearby customers with delivery and distribution services 3 to 4 times a day.

D. Complete after-sales service systems and technical support capabilities Provide customers with a variety of after-sales services, 30-minute quick repairs, one day repair, DOA/RMA real-time payment.

E. Becoming an agent for multiple brands and multiple product categories: Meet customers’ needs for small volume and large variety as well as one-stop purchase.

F. Flexible and effective operations management and communication: Regularly review sales and operation strategies, keep a close eye on the development of products and markets, and be able to make timely adjustments to management or operations in response to changes in the supply and demand in the market.

(5) Positive and negative factors for future development and the company’s response to such factor

A. Positive factors

a. Expansion of Weblink’s scope of business

Weblink belongs to Acer Group and has been engaged in the electronic products channel agency business for more than 20 years. Not only does it play an important role in the 3C products agency industry, but also operates its business in the upstream, midstream and downstream structure that has been closely linked together through long-term business cooperation, both of which are conducive to Weblink’s business development in the long term. In addition, the Company has planned to cooperate with Acer Group’s overseas affiliated enterprises for channel agency business, which is expected to improve Weblink’s business performance and promote Weblink to the global market.

b. Innovative products and creation of business opportunities:

Taiwan market is originally a major player in IT development, with various kinds of IT or 3C innovative products launched onto the market, and products visibility and acceptance in the market are being improved by fast delivery of new knowledge through the Internet. In the light of the above, Weblink can continuously introduce innovative products with novelty, practicality, fun, and all trending topics to the market, not only creating business performance, but also bringing consumers a better life with these innovative products.

B. Negative factors for future and the company's response

a. Intense competition among peer companies compressing profit margins:

Products with high homogeneity and huge sales demand can create peer pressure and competition, and are also easier to fall into a product price war.

Measures to be taken in response:

In addition to selling homogeneous products, Weblink also acts as an agent for sales of ERP software products, providing solutions for corporate customers through the adoption of the consultative selling approach, so as to avoid unnecessary price competition with professional know-how and create its business' overall profitability.

b. Products launched quickly at high risks of the loss from price decline:

3C products are subject to common standards and a high degree of substitutability. With low barriers to entry for manufacturers and rapid product replacement rates thanks to technological progress, product life cycles have been shortened

Measures to be taken in response:

(a) Sign the price protection clauses with original manufacturers to ensure that they provide compensation for the loss from price decline of the products in the market competition.

(b) For the original manufacturers that do not provide price protection, Weblink will control stock levels on a daily basis and review the sales plan and inventory status at all times to adjust the quantity of products, thereby avoiding the loss from a price decline.

5.2.2 Usage and manufacturing processes for the company's main products

(1) Usage for main products

| Category | Main products | Usage |
|---|---|---|
| Computer peripherals | Monitors, printers and consumables, motherboards, graphics cards, hard disks, memory cards, video systems, etc. | For computer display, equipment for printing, storage, input, and output, and personal use |
| System and mobile device products | Desktops, notebooks, tablets, mobile phones, etc. | Data processing equipment used by individuals or enterprises |
| Software products | Computer operating system, anti-virus software, office software, ERP software, drawing software, font software, etc. | Application software for documents, drawings, and system operations of computer users |
| Life technology products | Game consoles, game software, TVs, refrigerators, washing machines, air conditioners, air purifiers, etc. | Personal, home entertainment, and home appliances |
| System integration products | Workstations, servers, Netcom, Uninterruptible Power Supply (UPS), computer room equipment, digital signage, etc. | Computer network connection equipment and computer room related equipment |

(2) Manufacturing processes: The Company is not a manufacturing company so this item shall not apply.

5.2.3 Supply situation for the company's major raw materials

The Company is not a manufacturing company so this item shall not apply.

5.2.4 The list of suppliers and clients

(1) The list of any suppliers accounting for 10 percent or more of the company's total procurement amount in either of the 2 most recent fiscal years, the amounts bought from each, the percentage of total procurement accounted for by each, and an explanation of the reason for increases or decreases in the above figures

Expressed in thousand of NTD

| | 2021 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Name | Amount | Percentage of annual net purchases (%) | Relationship with the issuer | Name | Amount | Percentage of annual net purchases (%) | Relationship with the issuer |
| 1 | NINTENDO | 2,124,686 | 10.54 | None | - | - | - | |
| | Other | 18,032,082 | 89.46 | | Other | 20,719,374 | 100.00 | |
| | Net purchases | 20,156,768 | 100.00 | | Net purchases | 20,719,374 | 100.00 | |

Analysis of increases or decreases: The main reason is that in the second half of 2022, the covid-19 epidemic slowed, the demand for the stay-at-home economy decreased, and the need for game consoles, notebook computers, etc., decreased. As a result, no vendor accounted for 10% of the net purchases in 2022.

(2) The list of any suppliers and clients accounting for 10 percent or more of the company's total sales amount in either of the 2 most recent fiscal years, the amounts sold to each, the percentage of total sales accounted for by each, and an explanation of the reason for increases or decreases in the above figures: During 2021 and 2022,

there was no single client whom the amount sold to as a percentage of annual net sales reaching 10 percent or more.

5.2.5 Production volume and value in the 2 most recent fiscal years

The Company is not a manufacturing company so this item shall not apply.

5.2.6 Sales volume and value in the 2 most recent fiscal years

The Company acts as an agent for multiple product items with different units of quantity, and the units for calculation are not consistent. Therefore, only the sales value by product category is provided:

Expressed in thousand of NTD

| Year/Sales | 2021 | | 2022 | |
|---|---|---|---|---|
| Main products | Local | Export | Local | Export |
| Computer peripherals | 4,261,280 | 50,350 | 4,134,973 | 48,181 |
| System products | 4,073,366 | - | 3,903,225 | 2,340 |
| Software products | 3,661,571 | - | 3,851,392 | - |
| Life technology products | 4,999,367 | 1,132 | 5,173,491 | - |
| System integration products | 647,282 | 58,029 | 842,843 | 15,818 |
| Other | 449,571 | 3,097,991 | 447,453 | 4,862,278 |
| Total | 18,092,437 | 3,207,502 | 18,353,377 | 4,928,617 |

Analysis of increases or decreases: The Company's revenue in 2022 increased by 9.31% compared to 2021, mainly due to the investment in Protrade in June 2021 with a shareholding ratio reaching 51%, which was a consolidated entity, increasing the revenue of 2022.

5.3 The number of employees employed for the 2 most recent fiscal years

Unit: Persons; Year; %

| Fiscal year | | 2021 | 2022 | As of March 31, 2023 |
|---|---|---|---|---|
| Number of employees | Sales | 221 | 231 | 230 |
| | Customer service | 30 | 31 | 31 |
| | Sales support | 70 | 65 | 66 |
| | Administrative support | 69 | 80 | 80 |
| | Total | 390 | 407 | 407 |

| Fiscal year | | 2021 | 2022 | As of March 31, 2023 |
|---|---|---|---|---|
| Gender | Male % | 38.72% | 38.08% | 37.10% |
| | Female % | 61.28% | 61.92% | 62.90% |
| Education | Ph.D. | 0.0% | 0.0% | 0.0% |
| | Master's degree | 9.74% | 10.81% | 10.32% |
| | College | 84.36% | 83.29% | 83.29% |
| | Senior high school | 5.90% | 5.90% | 6.39% |
| | Below senior high school | 0.0% | 0.0% | 0.0% |
| Average age | | 42.1 | 42.2 | 42.3 |
| Average years of service | | 10.5 | 10.2 | 10.3 |

5.4 Disbursements for environmental protection

5.4.1 According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made: Not applicable.

5.4.2 Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: Not applicable.

5.4.3 Describing the process undertaken by the company on environmental pollution improvement for the most recent 2 fiscal years and up to the annual report publication date. If there had been any pollution dispute, its handling process shall also be described: No such circumstances.

5.4.4 Describing any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: No such circumstances.

5.4.5 Explaining the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years: Not applicable.

5.5 Labor relations:

5.5.1 List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

(1) Employee benefit program:

The Company places importance on employee benefits, providing employees with various welfare benefit measures, including but not limited to labor insurance and national health insurance, group insurance, wedding and funeral subsidies, regular health examination, on-the-job training allowance. The Employee Welfare Committee has been established by law to provide benefits as required by law, such as staff travel, sports competitions, family days, art and cultural activities, seminars, festivals, community activities, as well as various benefits such as the gifts of the three significant festivals, scholarship subsidies for children, wedding and funeral subsidies, hospitalization subsidies and non-cash voucher employee get-together, company trip, festival bonus, gifts for three traditional festivals, cash gift for birthdays, etc.

(2) Continuing education and training of employees:

Based on the belief in talent cultivation, the company attaches great importance to employee training and future development. To continue promoting high-quality talents, it arranges internal classes for employees and irregular dispatch training. Under the purpose of personal growth and company development, the plan is suitable for each employee. Hierarchical education and training, providing employees with an education and training system that develops complete business skills and inspires growth..

(3) Retirement systems and the status of their implementation:

In order to protect employees' livelihood after retirement, the Company shall appropriate labor pension reserve funds on a monthly basis and deposit such amount in a designated account at Bank of Taiwan. In addition, after the Labor Pension Act has been implemented on July 1, 2005, employees may choose to be covered by the retirement mechanism in the Labor Standards Act or the pension system of the Labor Pension Act, and their seniority prior to their application to the Act shall be reserved. Employers shall, on a monthly basis, contribute labor pension funds of six percent of the employee's monthly wage for employees covered by the Act; if there is a voluntary pension contribution, it will be withheld from the employee's monthly salary according to the voluntary contribution rate to the individual pension account of the Labor Insurance Bureau. Employees who have one of the following circumstances can apply for retirement:

a. Those who have worked in the company for more than 15 years and reached 55.

b. Those who have worked in the company for more than 25 years.

c. Those who have worked in the company for more than 10 years and reached 60.

d. Those who have worked in the company for more than 15 years and have reached the age of 50 may apply for early retirement, but the company may not approve it if it needs to consider it in terms of business.

The pension under the DB plan shall be paid in full within one month from the effective date of retirement, while the regulations of the Labor Insurance Bureau shall claim the allowance under the DC plan.

(4) The status of labor-management agreements and measures for preserving employees' rights and interests:

The Company pays attention to the opinions of staff members. It regularly holds labor-management conferences and calls ad hoc meetings when necessary, inviting colleagues from across the company to participate and encouraging them to provide feedback, so as to understand the opinions of staff members on the management and benefits system as a reference for improvement.

5.5.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided

The Company places emphasis on harmonious labor relations. Up to date, no disputes between the labor and management have occurred, and no losses have been suffered by the Company due to labor disputes.

5.6 Cyber security management:

5.6.1 Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

(1) The cyber security risk management framework

The Company’s responsible unit for cyber security is Information Management Division, which is in charge of planning, implementing, and promoting the cyber security management, advocating cyber security information, enhancing employees’ cyber security awareness, and paying close attention, so as to relevant technology and product information news to maintain the effectiveness of the cyber security management system.

The company has set up the Information Security Management Committee, responsible for reviewing and supervising the promotion and implementation of information security operations.

The Auditor’s Office regularly conducts an audit on the computerized information system cycle of the internal control system every year, and audits the implementation of information security operations to ensure the effectiveness of the company’s information security management.

(2) Cyber security policies

A. Maintain the confidentiality, integrity and availability of the company’s information assets to meet the requirements and expectations of the interest groups (individuals) inside and outside the company.
B. Protect the information on business activities of each department of the Company from unauthorized access.
C. Protect the information on business activities of each department of the Company from unauthorized modification and ensure accuracy and completeness of such information
D. Establish a cross-departmental information security organization to formulate, promote, implement, evaluate, and improve the matters on information security management to ensure that the company has an information environment for normal and continuous business operations.
E. Ensure that the business activities of each department of the Company are carried out in accordance with relevant laws and regulations.

(3) Concrete management programs

A. Equipment security protection
   a. The Company has set up its application system server in a professional computer room and implements a strict entrance control system, with records of entry and exit retained for future reference.
   b. Anti-virus software is installed on personal computers, which regularly performs a scan and automatic updates.
B. Network security control
   a. An enterprise-level firewall is built to prevent illegal intrusion by hackers.

b. VPN connection is utilized for communication among the Company and business locations to ensure communication security.
c. Employees must apply for their exclusive VPN permissions before they can get access to the company's internal resources at the remote end.
d. The Company entrusts an information security company to monitor abnormal network communications, with vulnerability scans conducted on systems and network twice a year.

C. Access control

a. When accessing company resources, employees must use their personal accounts.
b. Every password associated with an account should meet complexity, length, and history requirements, and employees are enforced to change their passwords periodically.
c. When accessing application systems, employees must apply for the use authorization according to the application permissions for permissions.
d. When an employee leaves his/her service or retires from the company, the information department will be notified to delete or deactivate his/her account.

D. Cyber security advocacy and training and education

a. Conduct information security education and training for new employees
b. Publish information security promotion materials on an irregular basis to strengthen employees' information security awareness

E. Continuing operation

a. Provide backup equipment for important systems
b. Back up data regularly on a daily basis, with a remote storage mechanism in place
c. Perform recovery drills on a regular basis each year

(4) Investments in resources for cyber security management

In order to ensure cyber security, the Company invests the following resources every year:

A. Establishment of the network security protection equipment, such as firewalls and network log analyzers
B. Renting professional computer rooms
C. Information security management services
D. Antivirus software
E. SSL VPN services

5.6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken

The Company places great importance to information and communications security, and up to date, no significant cyber security incidents have occurred, and no losses have been caused by cyber security incidents.

5.7 Important contracts:

| Agreement Type | Counterparty | Term | Summary | Restrictions |
|---|---|---|---|---|
| Facility Agreement | Taishin International Bank | May 31st of 2022 to May 31st of 2023 | Comprehensive credit line within NT$300 million | Confidential, Non-Assignable |
| Facility Agreement | CTBC Bank Co., Ltd. | August 31st of 2022 To August 31st of 2023 | Comprehensive credit line within NT$300 million | Confidential, Non-Assignable |
| Facility Agreement | Mega International Commercial Bank Co., Ltd. | November 26th of 2022 to November 25th of 2024 | Comprehensive credit line within NT$300 million | Confidential, Non-Assignable |
| Facility Agreement | Chang Hwa Commercial Bank, Ltd. | December 31st of 2022 to December 31st of 2023 | Comprehensive credit line within NT$300 million | Confidential, Non-Assignable |
| Distribution Agreement | LG Electronics Taiwan Taipei Co., Ltd. | May 21st of 2003 till termination | Distributing LG products | Confidential, Non-Assignable |
| Distribution Agreement | Samsung Electronics Taiwan Co., Ltd. | January 1st of 2014 to December 31st of 2021 auto-renew annually on expiration | Distributing Samsung products | Confidential, Non-Assignable |
| Distribution Agreement | Nintendo (Hong Kong) Limited | May 1st of 2014 to April 30th of 2022 Annually renew on expiration | Distributing Nintendo products within Taiwan | Confidential, Non-Assignable |
| Distribution Agreement | Microsoft Taiwan Corporation | September 1st of 2021 till termination | Distributing Microsoft products within Taiwan | Confidential, Non-Assignable |
| Distribution Agreement | Adobe Systems Software Ireland Limited | May 1st of 2023 till termination | Distributing Adobe products within Taiwan | Confidential, Non-Assignable |
| Sales Agreement | Tsann Kuen Enterprise Co., Ltd. | January 1st of 2018 to December 31st of 2021 auto-renew annually on expiration | Provide products to Tsann Kuen's distributing channel | Confidential, Non-Assignable |
| Sales Agreement | Momo.com Inc. | October 1st of 2019 to September 30th of 2021 auto-renew annually on expiration | Provide products to Momo's distributing channel | Confidential, Non-Assignable |

# 6 Overview of Financial Status

6.1 Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years:

6.1.1 Condensed Balance Sheet - International Financial Reporting Standards (Consolidated Financial Statements)

Expressed in thousand of NTD

| Item \ Fiscal year | | Financial Information for Most Recent 5 Fiscal Years | | | | |
|---|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Current assets | | 3,668,094 | 4,104,110 | 4,162,596 | 5,606,601 | 5,882,860 |
| Property, Plant and Equipment | | 6,263 | 8,719 | 10,126 | 144,567 | 141,648 |
| Intangible assets | | 3,002 | 3,881 | 2,560 | 327,654 | 332,710 |
| Other assets | | 216,249 | 609,650 | 611,570 | 488,420 | 519,012 |
| Total assets | | 3,893,608 | 4,726,360 | 4,786,852 | 6,567,242 | 6,876,230 |
| Current liabilities | Before distribution | 2,438,817 | 3,155,746 | 3,113,537 | 4,349,048 | 4,441,587 |
| | After distribution | 2,509,053 | 3,266,369 | 3,276,700 | 4,087,987 | — |
| Non-current liabilities | | 120,335 | 138,110 | 146,861 | 175,168 | 151,449 |
| Total liabilities | Before distribution | 2,559,152 | 3,293,856 | 3,260,398 | 4,524,216 | 4,593,036 |
| | After distribution | 2,629,388 | 3,404,479 | 3,423,561 | 4,263,155 | — |
| Equity attributable to owners of the parent company | | 1,334,456 | 1,432,504 | 1,526,212 | 1,867,490 | 2,025,846 |
| Share capital | | 702,366 | 737,484 | 737,484 | 815,814 | 815,814 |
| Capital surplus | | 464,519 | 441,893 | 441,893 | 609,294 | 629,750 |
| Retained earnings | Before distribution | 203,202 | 292,820 | 376,424 | 497,264 | 619,190 |
| | After distribution | 132,966 | 182,197 | 213,261 | 236,203 | — |
| Other equity | | (35,631) | (39,693) | (29,589) | (54,882) | (38,908) |
| Treasury shares | | — | — | — | — | — |
| Non-controlling interests | | — | — | 242 | 175,536 | 257,348 |
| Total equity | Before distribution | 1,334,456 | 1,432,504 | 1,526,454 | 2,043,026 | 2,283,194 |
| | After distribution | 1,264,220 | 1,321,881 | 1,363,291 | 1,781,965 | — |

Note: The consolidated financial reports for each fiscal year in the above table have been audited and attested by a CPA.

6.1.2 Condensed Statement of Comprehensive Income - International Financial Reporting Standards (Consolidated Financial Statements)

Expressed in thousand of NTD

| Fiscal year / Item | Financial Information for Most Recent 5 Fiscal Years | | | | |
|---|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Revenue | 12,412,726 | 13,502,936 | 17,281,341 | 21,299,939 | 23,281,994 |
| Gross profit | 570,242 | 620,357 | 711,220 | 1,234,974 | 1,698,860 |
| Operating Income | 82,759 | 124,877 | 176,950 | 317,382 | 522,880 |
| Non-operating income and expenses | 16,531 | 27,519 | 59,602 | 94,703 | 20,236 |
| Profit before income tax | 99,290 | 152,396 | 236,552 | 412,085 | 543,116 |
| Net income for the period from continuing operations | 85,203 | 125,555 | 194,218 | 360,193 | 441,450 |
| Income or loss from discontinued operations | 12,960 | — | — | — | — |
| Net income (loss) for the period | 98,163 | 125,555 | 194,218 | 360,193 | 441,450 |
| Other comprehensive income (loss) for the period (net of Income Tax) | (4,096) | 30,237 | 10,104 | (83,717) | 18,456 |
| Total comprehensive income for the period | 94,067 | 155,792 | 204,322 | 276,476 | 459,906 |
| Net income attributable to owners of parent | 97,047 | 125,555 | 194,226 | 340,918 | 415,049 |
| Net income (loss) attributable to noncontrolling interests | 1,116 | — | (8) | 19,275 | 26,401 |
| Total comprehensive income attributable to owners of parent | 92,951 | 155,792 | 204,330 | 258,710 | 431,023 |
| Total comprehensive income, attributable to non-controlling interests | 1,116 | — | (8) | 17,766 | 28,883 |
| Earnings per share (EPS) | 1.32 | 1.70 | 2.63 | 4.28 | 5.09 |

Note: The consolidated financial reports for each fiscal year in the above table have been audited and attested by a CPA.

6.1.3 Condensed Balance Sheet - International Financial Reporting Standards (Parent Company only Financial Statements)

Expressed in thousand of NTD

| Item \ Fiscal year | | Financial Information for Most Recent 5 Fiscal Years | | | | |
|---|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Current assets | | 3,659,143 | 4,092,741 | 4,147,870 | 4,462,456 | 4,428,763 |
| Property, Plant and Equipment | | 5,491 | 8,217 | 8,832 | 9,649 | 7,986 |
| Intangible assets | | 2,984 | 3,881 | 2,540 | 1,182 | 1,707 |
| Other assets | | 215,295 | 602,731 | 602,328 | 802,262 | 1,077,451 |
| Total assets | | 3,882,913 | 4,707,570 | 4,761,570 | 5,275,549 | 5,515,907 |
| Current liabilities | Before distribution | 2,426,760 | 3,142,259 | 3,099,291 | 3,253,640 | 3,380,643 |
| | After distribution | 2,496,996 | 3,252,882 | 3,262,454 | 3,514,701 | — |
| Non-current liabilities | | 121,697 | 132,807 | 136,067 | 154,419 | 109,418 |
| Total liabilities | Before distribution | 2,548,457 | 3,275,066 | 3,235,358 | 3,408,059 | 3,490,061 |
| | After distribution | 2,618,693 | 3,385,689 | 3,398,521 | 3,669,120 | — |
| Equity attributable to owners of the parent company | | 1,334,456 | 1,432,504 | 1,526,212 | 1,867,490 | 2,025,846 |
| Share capital | | 702,366 | 737,484 | 737,484 | 815,814 | 815,814 |
| Capital surplus | | 464,519 | 441,893 | 441,893 | 609,294 | 629,750 |
| Retained earnings | Before distribution | 203,202 | 292,820 | 376,424 | 497,264 | 619,190 |
| | After distribution | 132,966 | 182,197 | 213,261 | 236,203 | — |
| Other equity | | (35,631) | (39,693) | (29,589) | (54,882) | (38,908) |
| Treasury shares | | — | — | — | — | — |
| Non-controlling interests | | — | — | — | — | — |
| Total equity | Before distribution | 1,334,456 | 1,432,504 | 1,526,212 | 1,867,490 | 2,025,846 |
| | After distribution | 1,264,220 | 1,321,881 | 1,363,049 | 1,606,429 | — |

Note: The consolidated financial reports for each fiscal year in the above table have been audited and attested by a CPA.

6.1.4 Condensed Statement of Comprehensive Income - International Financial Reporting Standards (Parent Company Only Financial Statements)

Expressed in thousand of NTD

| Item \ Fiscal year | Financial Information for Most Recent 5 Fiscal Years | | | | |
|---|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Revenue | 12,405,847 | 13,482,387 | 17,265,523 | 17,974,201 | 18,166,842 |
| Gross profit | 564,525 | 606,728 | 691,818 | 832,939 | 967,762 |
| Operating Income | 87,027 | 121,263 | 171,342 | 245,241 | 375,385 |
| Non-operating income and expenses | 24,107 | 31,133 | 65,218 | 142,939 | 112,631 |
| Profit before income tax | 111,134 | 152,396 | 236,560 | 388,180 | 488,016 |
| Net income for the period from continuing operations | 97,047 | 125,555 | 194,226 | 340,918 | 415,049 |
| Loss from discontinued operations | — | — | — | — | — |
| Net income (loss) for the period | 97,047 | 125,555 | 194,226 | 340,918 | 415,049 |
| Other comprehensive income (loss) for the period (net of Income Tax) | (4,096) | 30,237 | 10,104 | (82,208) | 15,974 |
| Total comprehensive income for the period | 92,951 | 155,792 | 204,330 | 258,710 | 431,023 |
| Net income attributable to owners of parent | — | — | — | — | — |
| Net income (loss) attributable to noncontrolling interests | — | — | — | — | — |
| Total comprehensive income attributable to owners of parent | — | — | — | — | — |
| Total comprehensive income, attributable to non-controlling interests | — | — | — | — | — |
| Earnings per share (EPS) | 1.32 | 1.70 | 2.63 | 4.28 | 5.09 |

Note: The consolidated financial reports for each fiscal year in the above table have been audited and attested by a CPA.

6.1.5 The name of the certified public accountant and the auditor's opinion for the past 5 fiscal years

| Fiscal year | Accounting firm | Names of CPAs | Auditor's opinion |
|---|---|---|---|
| 2018 | KPMG Taiwan | Min-Ju Chao, Chun-Hsiu Kuan | Unqualified opinion |
| 2019 | KPMG Taiwan | Min-Ju Chao, Chun-Hsiu Kuan | Unqualified opinion |
| 2020 | KPMG Taiwan | Min-Ju Chao, Chun-Hsiu Kuan | Unqualified opinion |
| 2021 | KPMG Taiwan | Min-Ju Chao, Chun-Hsiu Kuan | Unqualified opinion |
| 2022 | KPMG Taiwan | Min-Ju Chao, Chun-Hsiu Kuan | Unqualified opinion |

## 6.2 Financial analyses for the past 5 fiscal years:

### 6.2.1 Financial Analysis - International Financial Reporting Standards (Consolidated):

| Item \ Fiscal year | | | Financial Information for the Most Recent 5 Years | | | | |
|---|---|---|---|---|---|---|---|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Financial structure | Debt to assets ratio (%) | | 65.73 | 69.69 | 68.11 | 68.89 | 66.80 |
| | Ratio of long-term capital to property, plant and equipment (%) | | 23,228.34 | 18,013.69 | 16,522.55 | 1,534.37 | 1,718.80 |
| Solvency | Current ratio (%) | | 150.40 | 130.05 | 133.69 | 128.92 | 132.45 |
| | Quick ratio (%) | | 96.05 | 77.29 | 74.76 | 74.65 | 77.83 |
| | Times interest earned | | 3,147.58 | 2,329.97 | 2,350.95 | 2,640.91 | 1,268.27 |
| Operating performance | Accounts receivable turnover (times) | | 5.73 | 6.10 | 7.90 | 8.60 | 8.29 |
| | Average collection days | | 63.65 | 59.85 | 46.18 | 42.43 | 44.03 |
| | Inventory turnover (times) | | 10.11 | 8.62 | 9.50 | 10.09 | 9.63 |
| | Accounts payable turnover (times) | | 7.65 | 7.82 | 9.09 | 9.52 | 9.25 |
| | Average days in sales | | 36.10 | 42.37 | 38.42 | 36.17 | 37.89 |
| | Property, plant and equipment turnover (times) | | 1,920.88 | 1,805.81 | 1,834.05 | 275.38 | 162.69 |
| | Total asset turnover (times) | | 3.36 | 3.13 | 3.63 | 3.75 | 3.46 |
| Profitability | Return on total assets (%) | | 2.73 | 3.04 | 4.27 | 6.57 | 7.12 |
| | Return on equity (%) | | 7.44 | 9.08 | 13.13 | 20.18 | 20.41 |
| | As a percentage of paid-in capital (%) | Operating profit margin | 11.78 | 16.93 | 23.99 | 38.90 | 64.09 |
| | | Income before tax | 14.14 | 20.66 | 32.08 | 50.51 | 66.57 |
| | Net profit margin (%) | | 0.79 | 0.93 | 1.12 | 1.69 | 1.90 |
| | Earnings per share (NT$) | | 1.32 | 1.70 | 2.63 | 4.28 | 5.09 |
| Cash flow | Cash flow ratio (%) | | (16.22) | 2.68 | 13.02 | 6.36 | 6.30 |
| | Cash flow adequacy ratio (%) | | (117.18) | (39.54) | 1.27 | 25.19 | 38.61 |
| | Cash reinvestment ratio (%) | | (31.61) | 0.78 | 17.68 | 6.47 | 0.94 |
| Leverage | Operating leverage | | 2.54 | 1.95 | 1.75 | 1.69 | 1.44 |
| | Financial leverage | | 1.04 | 1.06 | 1.06 | 1.05 | 1.10 |

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years (for the increase or decrease by 20% or more):

1. Times interest earned: The main reason is that the US FED continued to raise interest rates in the second half of 2022, and the borrowings of the subsidiary Protrade were mainly in US dollars, resulting in a substantial increase in interest expenses.
2. Property, plant and equipment turnover: Mainly due to the merger and acquisition of Protrade in June, resulting in an increase of NT$140 million property.
3. Financial analysis of profitability: Mainly due to the increase in the end customers' demand as a result of the sales coming from online shopping platforms and the development of the stay-at-home economy that was stimulated by the impact of the Covid-19 pandemic in the first half of 2022, besides the investment in Protrade in June, with a shareholding ratio reaching 51%, which was a consolidated entity, resulting in an increase in revenue compared with the same period last year and in relative terms, an increase in net income for the period, along with an increase in investment income under investments accounted for using equity method - Antung Trading Corporation.
4. Financial analysis of cash flow: There was a net cash inflow from operating activities in 2022, mainly due to the increased profit and inventory, resulting in a balanced cash flow ratio. For the change in the cash flow adequacy ratio, since there was a net cash inflow from operating activities from 2020 to 2022, the cash flows accumulated from operating activities for five years turned into a positive number, which can support long-term business development. The cash reinvestment ratio decreased due to higher cash dividends.

### 6.2.2 Financial Analysis - International Financial Reporting Standards (Parent Company Only):

| Item | Fiscal year (Note 1) | | Financial Information for the Most Recent 5 Years | | | | |
|---|---|---|---|---|---|---|---|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Financial structure | Debt to assets ratio (%) | | 65.63 | 69.57 | 67.95 | 64.60 | 63.27 |
| | Ratio of long-term capital to property, plant and equipment (%) | | 26,518.90 | 19,049.67 | 18,821.09 | 20,954.60 | 26,737.59 |
| Solvency | Current ratio (%) | | 150.78 | 130.25 | 133.83 | 137.15 | 131.00 |
| | Quick ratio (%) | | 96.34 | 77.46 | 75.28 | 89.04 | 87.72 |
| | Times interest earned | | 3,511.11 | 2,364.76 | 2,377.46 | 8,920.27 | 6,041.99 |
| Operating performance | Accounts receivable turnover (times) | | 5.63 | 6.05 | 7.77 | 8.02 | 7.79 |
| | Average collection days | | 64.80 | 60.35 | 47.00 | 45.5 | 46.85 |
| | Inventory turnover (times) | | 10.16 | 8.64 | 9.57 | 10.18 | 11.38 |
| | Accounts payable turnover (times) | | 7.71 | 7.83 | 9.10 | 8.62 | 8.02 |
| | Average days in sales | | 35.94 | 42.24 | 38.15 | 35.85 | 32.08 |
| | Property, plant and equipment turnover (times) | | 2,041.78 | 1,967.08 | 2,025.40 | 1,945.15 | 2,060.32 |
| | Total asset turnover (times) | | 3.38 | 3.14 | 3.65 | 3.58 | 3.37 |
| Profitability | Return on total assets (%) | | 2.71 | 3.05 | 4.28 | 6.86 | 7.81 |
| | Return on equity (%) | | 7.36 | 9.08 | 13.13 | 20.09 | 21.32 |
| | As a percentage of paid-in capital (%) | Operating profit margin | 12.39 | 16.44 | 23.23 | 30.06 | 46.01 |
| | | Income before tax | 15.82 | 20.66 | 32.08 | 47.58 | 59.82 |
| | Net profit margin (%) | | 0.78 | 0.93 | 1.12 | 1.90 | 2.28 |
| | Earnings per share (NT$) (Note 2) | | 1.32 | 1.70 | 2.63 | 4.28 | 5.09 |
| Cash flow | Cash flow ratio (%) | | (18.44) | 1.89 | 12.34 | 21.15 | 17.57 |
| | Cash flow adequacy ratio (%) | | (113.38) | (43.97) | (5.81) | 48.34 | 86.03 |
| | Cash reinvestment ratio (%) | | (35.19) | (0.59) | 16.41 | 23.86 | 14.03 |
| Leverage | Operating leverage | | 2.47 | 1.98 | 1.78 | 1.58 | 1.37 |
| | Financial leverage | | 1.04 | 1.06 | 1.06 | 1.02 | 1.02 |

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years (for the increase or decrease by 20% or more):

1. Times interest earned: Mainly in the second half of 2022, the covid-19 pandemic slowed down, resulting in a decrease in demand for the stay-at-home economy and an increase in inventory, which caused an increase in borrowings. Moreover, Taiwan's central bank raised interest rates, which increased interest costs.
2. Financial analysis of profitability: Mainly due to the increase in the end customers' demand as a result of the sales coming from online shopping platforms and the development of the stay-at-home economy that was stimulated by the impact of the Covid-19 pandemic in the first half of 2022, along with an increase in investment income under investments accounted for using equity method - Antung Trading Corporation.
3. Financial analysis of cash flows: There was a net cash inflow from operating activities in 2022, mainly due to the increased profit and decreased inventory. For the change in the cash flow adequacy ratio, since there was a net cash inflow from operating activities from 2020 to 2022, the cash flows accumulated from operating activities for five years turned into a positive number, which can support long-term business development. The cash reinvestment ratio decreased due to higher cash dividends.

Note 1: Formulas for the calculation:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average net equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (net revenue – variable operating costs and expenses) / operating income (Note 6).
   (2) Financial leverage = operating income / (operating income – interest expenses).

Note 2: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax, and no adjustment is required in case there is a loss.

Note 3: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 4: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 5: If the Company’s shares have no par value or the par value per share is not NT$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

6.3 Supervisors' or audit committee's report for the most recent year's financial statement

Audit Committee's Report

The board of directors have compiled and delivered the Company's 2021 business reports, the financial statements for the year ended December 31, 2021, and the proposal for distribution of profits, among which, the financial statements has been audited by independent auditors, Min-Ju Chao and Chun-Hsiu Kuan of KPMG Taiwan with an independent auditor's report issued. The Audit Committee has found the above business reports, financial statements, and proposal for distribution of profits to be in order and has prepared this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for ratification.

Weblink International Inc.
Convener of the Audit Committee: Ming-Chih Wang

March 15, 2023

6.4 Financial statement for the most recent fiscal year
Please refer to Appendix I for details.

6.5 The parent company only financial statement for the most recent fiscal year
Please refer to Appendix II for details.

6.6 If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

# 7 Review and Analysis of the Company's Financial Position and Financial Performance, and Risk Management

7.1 Financial position:

Financial position comparative analysis table

Unit: NT$ thousand; %

| Item \ Fiscal year | 2021 | 2022 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Current assets | 5,606,601 | 5,882,860 | 276,259 | 4.93 |
| Property, Plant and Equipment | 144,567 | 141,648 | (2,919) | (2.02) |
| Intangible assets | 327,654 | 332,710 | 5,056 | 1.54 |
| Other assets | 488,420 | 519,012 | 30,592 | 6.26 |
| Total assets | 6,567,242 | 6,876,230 | 308,988 | 4.70 |
| Current liabilities | 4,349,048 | 4,441,587 | 92,539 | 2.13 |
| Non-current liabilities | 175,168 | 151,449 | (23,719) | (13.54) |
| Total liabilities | 4,524,216 | 4,593,036 | 68,820 | 1.52 |
| Share capital | 815,814 | 815,814 | 0 | 0.00 |
| Capital surplus | 609,295 | 629,750 | 20,455 | 3.36 |
| Retained earnings | 497,264 | 619,190 | 121,926 | 24.52 |
| Other equity | (54,882) | (38,908) | 15,974 | (29.11) |
| Non-controlling interests | 175,536 | 257,348 | 81,812 | 46.61 |
| Total equity | 2,043,026 | 2,283,194 | 240,168 | 11.76 |

1. Description of material changes (with the difference in the amounts reaching NT$10,000 thousand and the ratio of change reaching 20%):
   (1) Increase in retained earnings: Mainly due to the increase in end customers' demand as a result of the sales coming from online shopping platforms and the development of the stay-at-home economy that were stimulated by the impact of the Covid-19 pandemic in first half of 2022; besides, the investment in Protrade in June 2021, with a shareholding ratio reaching 51%, which was a consolidated entity, resulting in an increase in revenue compared with the same period last year and in relative terms, an increase in net income for the period, and an increase in investment income under investments accounted for using equity method - Antung Trading Corporation.
   (2) Increase in other equity: Due to the less recognized of remeasurements of the defined benefit through other comprehensive income of NT$16,645 thousand.
   (3) Decrease in non-controlling interests: Due to the cash capital increase of the investment company Protrade in November 2022.
2. The measures to be taken in response to material changes: Since there has been no material irregularity in the overall performance, no response measures are required.

## 7.2 Financial performance:

### 7.2.1 Financial performance comparative analysis table

Unit: NT$ thousand; %

| Fiscal year / Item | 2021 | 2022 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Revenue | 21,299,939 | 23,281,994 | 1,982,055 | 9.31 |
| Costs | 20,064,965 | 21,583,134 | 1,518,169 | 7.57 |
| Gross profit | 1,234,974 | 1,698,860 | 463,886 | 37.56 |
| Operating expenses | 917,592 | 1,175,980 | 258,388 | 28.16 |
| Operating income | 317,382 | 522,880 | 205,498 | 64.75 |
| Non-operating income and expenses | 94,703 | 20,236 | (74,467) | (78.63) |
| Profit before income tax | 412,085 | 543,116 | 131,031 | 31.80 |
| Income tax expense | 51,892 | 101,666 | 49,774 | 95.92 |
| Net income for the period | 360,193 | 441,450 | 81,257 | 22.56 |
| Net of other comprehensive income/(loss) for the period | (83,717) | 18,456 | 102,173 | (122.05) |
| Total comprehensive income for the period | 276,476 | 459,906 | 183,430 | 66.35 |

(1) Increase in gross profit: Mainly due to the revenue growth in 2021, with a change in the weighting in the sales mix, besides the investment in Protrade in June 2021, with a shareholding ratio reaching 51%, which was a consolidated entity, resulting in a higher gross margin and an increase in gross profit.
(2) Increase in operating expense:Mainly due to the investment in Protrade in June 2021, with a shareholding ratio reaching 51%, which was a consolidated entity, resulting in a higher expense.
(3) Increase in net operating profit: Mainly due to a higher gross margin, rising from 5.80% in 2021 to 7.30% in 2022. and the expenses are appropriately controlled.
(4) Decrease in non-operating income: Mainly due to in the second half of 2022, the US dollar and the Taiwan dollar began to raise interest rates, increasing interest costs. In 2022, the exchange rate of the Taiwan dollar against the US dollar fluctuated considerably, and the exchange loss increased.
(5) Increase in profit before income tax: Due to the increase in revenue and gross margin and controlling the expenses appropriately, Although non-operating income decreased significantly, it still increased the net profit before tax.
(6) Increase in net income for the period: Due to the increase in revenue and gross margin and controlling the expenses appropriately.
(7) Decrease in net of other comprehensive income/(loss) for the period: Mainly due to the loss of NT$56,915 thousand on disposal of investments in equity instruments designated at fair value through other comprehensive income last year.
(8) Total comprehensive income for the period: Mainly due to the increase in net income (loss) and other comprehensive income/(loss) for the period.

### 7.2.2 The sales volume forecast and the basis therefor, and the effect upon the company's financial operations as well as measures to be taken in response

(1) The sales volume forecast and the basis therefor

The Company sets annual goals based on the market situation, taking into account the overall market environment, the products the company acts as an agent, and previous operating results. Furthermore, in order to respond to the diverse needs of the market, the Company will still endeavor to act as an agent for more products and provide a variety of services, thereby enhancing its competitiveness. It is expected that the Company's sales in the coming years should grow steadily.

(2) The effect upon the company's financial operations as well as measures to be taken in response:

The Company will strive to act as an agent for more products and services and to making effective use of fiance and capital to meet the business growth needs.

7.3 Cash flow:

7.3.1 Analysis of cash flow changes during the most recent fiscal year

Expressed in thousand of NTD

| Item \ Fiscal year | 2021 | 2022 | Increase (decrease) amount |
|---|---|---|---|
| Operating activities | 276,461 | 279,599 | 3,138 |
| Investing activities | 448,067 | (36,722) | (484,789) |
| Financing activities | (468,834) | (165,181) | 303,653 |
| Effect of changes in foreign exchange rates on cash and cash equivalents | (1,125) | 18,904 | 20,029 |
| Cash provided by (used in) | 254,569 | 96,600 | (157,969) |
| Analysis of cash flow changes:<br>(1) The increase in the inflow of operating activities was mainly due to increased profit and inventory in 2022.<br>(2) The decrease in the inflow of investment activities was mainly due to the increase in investment in Protrade in 2022 from 19% to 51%.<br>(3) The decrease in the outflow of financing activities was mainly due to the capital increase in cash and bank loans in 2022. | | | |

7.3.2 Corrective measures to be taken in response to illiquidity: Since there is no shortage of cash, the Company still has no risk of insufficient liquidity.

7.3.3 Liquidity analysis for the coming year (2023)

Expressed in thousand of NTD

| Cash at beginning of year (1) | Expected net cash flow from operating activities for the full year (2) | Expected net cash flow from investing activities for the full year (3) | Expected net cash flow from financing activities for the full year (4) | Expected cash surplus (deficiency) amount (5)=(1)+(2)+(3)+(4) | Remedial measures for cash shortage | |
|---|---|---|---|---|---|---|
| | | | | | Investment plan | Financial plan |
| 579,688 | 250,000 | (20,000) | (450,000) | 359,688 | — | — |

(1) Analysis of cash flow changes for the coming year
   A. Cash provided by operating activities: Due to the decrease in inventory and accounts receivable, resulting in a net cash inflow from operating activities
   B. Cash used in investing activities: Due to replacement of the company's computers, servers, and other office equipment
   C. Cash used in financing activities: Mainly due to repayment of bank facilities and distribution of cash dividends

(2) Remedial measures and liquidity analysis for expected cash shortage: The Company still has no risk of insufficient cash flows.

7.4 The effect upon financial operations of any major capital expenditures during the most recent fiscal year:

7.4.1 The status of use and source of funds for major capital expenditures: None.

7.4.2 Expected benefits generated thereby: None.

7.5 The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

7.5.1 Reinvestment policy: The Company's reinvestment policy takes into account the development of its own business as a principle and does not aim at a short-term financial investment.

7.5.2 The main reasons for the profits/losses generated thereby and the improvement plan:

Expressed in thousand of NTD

| Name of affiliated enterprise | Investment gains/losses recognized in 2022 | Reinvestment policy | Main reasons for the profits/losses | Improvement plan | Other future investment plans |
|---|---|---|---|---|---|
| WELLIFE INC. | 16,737 | Retail of home appliances and 3C products | Operating a home appliance shopee store, increasing profits. | — | — |
| Piovision International Inc. | 2,784 | Computer software retail services | The demand for sales and services of professional manufacturing and design software was stable in 2022, which Profits were flat. | — | — |
| Antung Trading Corporation | 75,730 | Acting as an agent for heavy-duty machinery and an OEM for auto parts | The Company expanded the selling of product items, which increased profit. | — | — |
| Pecer Bio-Medical Technology Incorporated | (6) | Healthcare products channel and biotechnology services industry | Still at the initial stage of operation | — | — |
| Protrade Applied Materials Corp. | 23,854 | Reinvestment | Invested in June 2021, with stable profits | — | — |

7.5.3 Investment plans for the coming year: In the future, the Company will still adopt long-term investment strategies and continue to carefully evaluate investment plans.

7.6 Risks analysis and assessment:

7.6.1 The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

(1)Interest rate fluctuations

A. The effect upon the company's profits or losses

The Company applied for short-term financing loans from domestic financial institutions for working capital required for revenue growth. The interest expenses were NT$14,803 thousand and NT$45,378 thousand in 2021 and 2022, accounting for 0.07% and 0.19% of the consolidated net revenue of each year, respectively. Since FED for reducing the inflation rate in the United States increased interest rates, Taiwan's central bank raised interest rates slightly, which increased interest expenses in 2022. Still, interest expenses accounted for less than 1% of the Company's net revenue, and there is no significant upward trend for the time being in 2022. Therefore, interest rate fluctuations have had no material adverse effect on the Company's operations and profits or losses.

B. Concrete response measures

The Company will keep an eye on interest rate fluctuations in the financial market, maintain close contact with banks to evaluate the impact of interest rate fluctuations on the Company at any time to take further response measures, and adjust the position of idle funds in a timely manner to reduce the material adverse effect of interest rate fluctuations upon the Company's profits or losses.

(2)Exchange rate fluctuations

A. The effect upon the company's profits or losses

The company's foreign exchange gains were NT$6,493 thousand and NT$(3,116) thousand in 2021 and 2022, accounting for 0.03% and (0.01)% of the consolidated net revenue of each year respectively. In response to the risk of exchange rate fluctuations, the Company has regularly reviewed foreign exchange positions to evaluate the exchange rate trends of New Taiwan dollar against foreign currencies such as the U.S. dollar and Japanese Yen, and it can buy forward foreign exchange contracts anytime as a hedging tool. Therefore, there has been no material adverse effect of exchange rate fluctuations upon the Company.

B. Concrete response measures

The Company's department of finance maintains a close relationship with financial institutions, continuously observes exchange rate fluctuations, and has its finger on the pulse of international exchange rate trends and changes. It can put forward response measures for exchange rate fluctuations at any time and flexibly adjust foreign currency positions in the spot market to reduce the impact of exchange rate fluctuations upon the Company.

(3)Inflation rate

A. The effect upon the company’s profits or losses

No significant changes in the inflation rate have occurred in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. There has been no material adverse effect of changes in the inflation rate upon the Company’s consolidated profit or loss in the past.

B. Concrete response measures

The Company pays close attention to market price fluctuations and builds a good relationship with suppliers, and it can assess whether inflation has crowded out the demand for information products for private consumption due to rising prices. The Company will also adjust product prices and inventory in a timely manner to reduce the impact of changes in the inflation rate upon the Company.

7.6.2 The company’s policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The Company focuses on its own business and adopts a pragmatic approach to operating the business, with its financial policy based on the conservatism principle, and has not been engaged in high-risk investments, or highly leveraged investments. As of the date of publication of the annual report, the Company has not been engaged in high-risk investments, or highly leveraged investments. In addition, the Company has formulated the “Operating Procedures for Loans to Other Parties”, “Operating Procedures for Endorsements and Guarantees”, and “Regulations Governing the Acquisition and Disposal of Assets”. If the Company intends to engage itself in loans to other parties, endorsements, guarantees, or derivatives transactions, it shall comply with the above-mentioned procedures and regulations.

7.6.3 Research and development work to be carried out in the future, and further expenditures expected for research and development work

The company is mainly acting as an agent of and engaged in the sales of 3C & computer peripherals, computers, computer software, game consoles, home appliances, etc., and is an electronic products channel agent. In addition to constantly advancing the agency business and the quality of after-sales services, it has not invested in the research and development work of self-developed products as of the date of publication of the annual report.

7.6.4 Effect on the company’s financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

The Company conducts its daily operations in accordance with relevant laws and regulations at home and abroad, and keeps abreast of the policies adopted and changes in the legal environment at home and abroad, collecting relevant information to provide decision-making references for the management, and timely adjusting the company's operating strategies. As of the date of publication of the annual report, there has been no material adverse effect of important policies adopted and changes in the legal environment at home and abroad upon the Company.

7.6.5 Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response

The company is mainly engaged in the sales of information software and hardware, and developments in science and technology allow suppliers to strengthen the research and development on technologies and improve product quality. It also continues to develop new products, in order for the Company to increase product items for which it acts as an agent and creates business growth. As of the date of publication of the annual report, there has been no material adverse effect of developments in science and technology (including cyber security risks) as well as industrial change upon the Company.

7.6.6 Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response

Since its establishment, the company has focused on its own business, complied with relevant laws and regulations, actively strengthened internal management, and improved management quality and performance, while maintaining harmonious labor relations to continuously maintain a good corporate image and increase customers' trust in the company. As of the date of publication of the annual report, there has been no operational crisis due to changes in the company's corporate image. However, the occurrence of a corporate crisis may cause considerable damage to the company. Therefore, the Company will continue to implement corporate governance matters to reduce the chance of corporate risks and their impact on the company.

7.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

As of the date of publication of the annual report, the Company has no plans for mergers and acquisitions. If there is a plan for mergers and acquisitions in the future, the Company will implement it in accordance with relevant laws and regulations and the regulations formulated by the Company. It will also conduct careful evaluation to protect the company's interests and shareholders' rights and interests.

7.6.8 Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

The company mainly acts as an agent of and engaged in selling 3C & computer peripherals, computers, computer software, game consoles, home appliances, etc. and is an electronic products channel agent. As of the date of publication of the annual report, there has been no plant expansion.

7.6.9 Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

From 2020 to 2021, the amount bought from the Company's largest supplier accounted for about 26%~11% of the consolidated net purchase. In terms of sales, the amount sold to its largest sales customer accounted for 9%-9% of the consolidated net revenue, so there was no consolidation of sales or purchasing operations. In addition, the Company adopts the business strategy of "Multiple Brands, Multiple Agent Right" for product management, and creates a differentiation strategy to effectively diversify business risks and avoid an unstable state with ups and downs in business performance caused by brand or product concentration.

7.6.10 Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

During the most recent fiscal year and as they stood on the date of publication of the annual report, the Company's shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company were transferred mainly because the Company was required to comply with the laws and regulations on equity dispersion when applying for TWSE/TPEx listing. There has no material adverse effect upon and risk to the company.

7.6.11 Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

During the most recent fiscal year and as they stood on the publication date of the annual report, the Company has not experienced any change in governance personnel or top management.

7.6.12 Litigious and non-litigious matters:

(1) List major litigious, non-litigious or administrative disputes that have been concluded by means of a final and unappealable judgment, or are still under litigation during the most recent fiscal year and as they stood on the date of publication of the annual report. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, the amount of money at stake in the dispute,

the date of litigation commencement, the main parties to the dispute, and the current status of the dispute:None

(2) List major litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company, and have been concluded by means of a final and unappealable judgment, or are still under litigation during the most recent fiscal year and as they stood on the date of publication of the annual report. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities:

Except for Acer Inc. (hereinafter referred to as "Acer"), the Company's major shareholder holding a stake of greater than 10 percent that is involved in the following litigation cases still underway, other directors and the president are not involved in any major litigious, non-litigious, administrative disputes, or administrative investigations still under litigation. Relevant litigations are evaluated and analyzed as follows:

A. A U.S. company filed a non-disclosure agreement and trade secret lawsuit against Acer in California State Court, and Acer has entrusted a lawyer to handle the case. At present, Acer won the first-instance interim judgment, and the plaintiff continues to appeal. Therefore, there has been no immediate and material adverse effect on Acer's finances and business.

B. During the ordinary course of business, Acer has received notification from a third-party claiming patent infringement or requesting patent authorization from time to time. Although Acer does not expect the results thereof, individually and as a whole, to cause a material adverse effect on its finances and business, the outcome of the legal proceedings is unpredictable. Therefore, dispute resolution may cause an impact on Acer's operating results or cash flows during a specific period.

C. Because of the rapid changes in the international tax environment, Acer is facing various challenges from taxation in many countries around the world with different opinions from local tax authorities. Acer has made appropriate estimates in accordance with relevant regulations for those tax cases (including but not limited to income tax, withholding tax, and business tax) that meet the conditions for recognition of provisions. However, because tax issues are usually complex and take years to clarify, with the results unpredictable; therefore, the final results may affect Acer's operating results or cash flows for a specific period.

In view of the above evaluation, these matters are all civil disputes arising from Acer's business operations. After evaluation, there should be no other major violations of laws and regulations or the principle of good faith, and the disputes will neither cause a material effect on the future normal operations nor impact the company's financial operations, which, therefore, under no circumstances have materially affected shareholders' equity or the prices of the Company's securities.

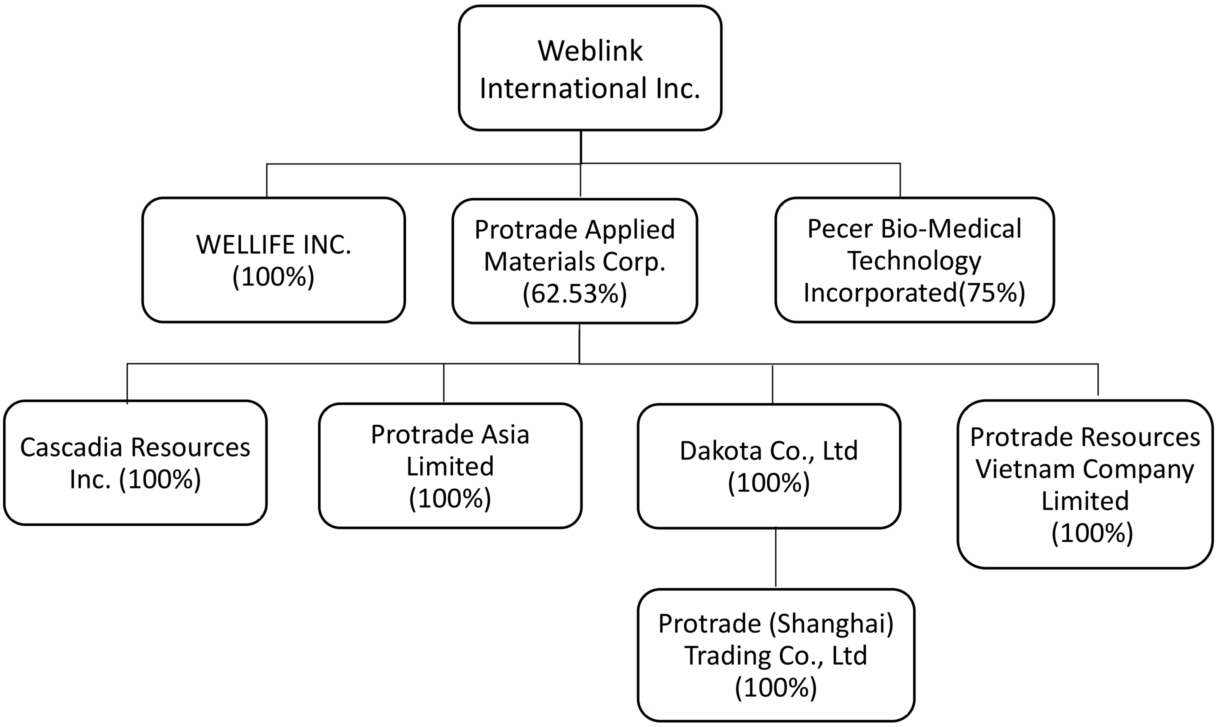
7.6.13 Other important risks, and mitigation measures being or to be taken: None.

7.7 Other important matters: None.

# 8 Special items to be included

8.1 Information related to the company's affiliates:

8.1.1 Affiliates Organizational Chart (December 31, 2022)




8.1.2 Basic information of affiliates

Expressed in thousand of NTD

| Name of affiliated enterprise | Date of incorporation | Address | Paid-in capital | Main business items |
|---|---|---|---|---|
| WELLIFE INC. | December 22, 2015 | No.39, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.) | NT$10,000 | Retail of computers, 3C products, and home appliances |
| Pecer Bio-Medical Technology Incorporated | September 17, 2020 | 4F, No.39, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.) | NT$1,000 | Healthcare products channel and biotechnology services industry |
| Protrade Applied Materials Corp. | 2001.8.7 | 8F., No. 59, Ln. 77, Xing'ai Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.) | NT$229,347 | Trading of rubber and various rubber products |
| Cascadia Resources Inc. | 2011.10.14 | 8561 154TH AVENUE NE, SUITE 220, REDMOND, WASHINGTON 98052 USA | US$2,000 | Trading of rubber and various rubber products |
| Protrade Asia Limited | 2017.1.23 | CLARENCE THOMAS BUILDING, P.O. BOX 4649, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS | US70 | Trading of rubber and various rubber products |

| Name of affiliated enterprise | Date of incorporation | Address | Paid-in capital | Main business items |
|---|---|---|---|---|
| Dakota Co., Ltd. | 2009.8.21 | LE SANALELE COMPLEX, GOLD-IN CHAMBERS, VAEA STREET, APIA, SAMOA | US$650 | Investment and holding activity |
| Protrade (Shanghai) Trading Co., Ltd | 2006.3.10 | Room B018, No. 111, Fengpu Avenue, Fengpu Industrial Zone, Fengxian District, Shanghai, China | CNY5,068 | Trading of rubber and various rubber products |
| Protrade Resources Vietnam Company Limited | 2020.8.20 | Floor 2, No 88, Bau Cat 3 St., Ward 14, Tan Binh District, Ho Chi Minh City, Vietnam | VND2,320,000 | Trading of rubber and various rubber products |

8.1.3 The shareholders in common for companies presumed to have a relationship of control and subordination: None.

8.1.4 The industries covered by the business operated by the affiliates overall:

Acting as agents for domestic and foreign products covering business and household information and electronic product, application software, digital entertainment, home appliances, system integration, SME solution services, healthcare products and biotechnology services, rubber trading

8.1.5 Table for overview of the operations of the affiliates

Expressed in thousand of NTD

| Name of affiliated enterprise | Capital | Total assets | Total liabilities | Net worth | Net revenue | Operating income | Profit or loss for the period (after tax) | Earnings per share (NT$) (after tax) |
|---|---|---|---|---|---|---|---|---|
| WELLIFE INC. | 10,000 | 107,102 | 79,599 | 27,503 | 588,465 | 21,291 | 16,737 | 16.74 |
| Pecer Bio-Medical Technology Incorporated | 1,000 | 1,194 | 175 | 1,019 | 361 | -9 | -7 | 0 |
| Protrade Applied Materials Corp. | 229,347 | 1,756,845 | 1,236,843 | 520,002 | 5,098,158 | 148,557 | 72,449 | 1.10 |
| Cascadia Resources Inc. | 61,483 | 769,234 | 633,785 | 135,449 | 1,964,074 | 99,601 | 71,915 | 69.82 |
| Protrade Asia Limited | 20,808 | 143,947 | 104,688 | 39,259 | 874,998 | 29,431 | 16,488 | 235.54 |
| Dakota Co., Ltd. | 19,322 | 329,887 | 205,972 | 123,915 | 1,015,980 | 3,945 | -11,221 | -17.26 |
| Protrade (Shanghai) Trading Co., Ltd | 19,322 | 326,724 | 205,826 | 120,898 | 1,015,980 | 4,407 | -10,766 | - |
| Protrade Resources Vietnam Company Limited | 2,884 | 3,441 | 1,194 | 2,247 | 490 | -766 | -652 | - |

8.1.6 Information on the directors, supervisors, and president of each affiliate

Unit: NT$ thousand; %

| Name of affiliated enterprise | Job title | Name or representative | Shares held | |
|---|---|---|---|---|
| | | | No. of shares | Shareholding ratio |
| WELLIFE INC. | Director | Dave Lin, Meggy Chen, Lydia Wu | 1,000 | 100 |
| | Supervisor | Sophia Chen | - | - |
| Pecer Bio-Medical Technology Incorporated | Director | Dave Lin, Jason Chen, Cheng-Lung Lin | 75 | 75 |
| | Supervisor | Sophia Chen | - | - |
| Protrade Applied Materials Corp. | Director | Dave Lin, Jason Chen, Sophia Chen, Andy Lin, Lydia Wu | 14,340 | 62.53 |
| | Supervisor | Alice Chang, Cathy Wang | - | - |
| Protrade Asia Limited | Director | Jack Wei, Dave Lin, Gordon Christopher Bell | 70 | 100 |
| | Supervisor | -- | - | - |
| Cascadia Resources Inc. | Director | GORDON Christopher Bell, Lee Jonathan Insung, Jack Wei | 2,000 | 100 |
| | Supervisor | -- | - | - |
| Dakota Co., Ltd. | Director | Jack Wei, Dave Lin | 650 | 100 |
| | Supervisor | -- | - | - |
| Protrade (Shanghai) Trading Co., Ltd | Director | Dave Lin, Jac Wei, Juno Ke | - | 100 |
| | Supervisor | Cathy Wang | - | - |
| Protrade Resources Vietnam Company Limited | Director | Jack Wei | - | 100 |
| | Supervisor | -- | - | - |

8.2 Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

8.3 Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

8.4 Other matters that require additional description: None.

# 9 If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

# Appendix I

# 2022 Consolidated Financial Statements

Stock Code:6776

# WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES

**Consolidated Financial Statements**

**With Independent Auditors' Report**
**For the Years Ended December 31, 2022 and 2021**

**Address:** **2-4F, 39, sec. Chung Hsiao W. Rd. Taipei 100, Taiwan (R.O.C)**
**Telephone:** **(02)2371-6000**

# Table of contents

**Representation Letter**

The entities that are required to be included in the combined financial statements of Weblink International 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 Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Weblink International Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Company name: Weblink International Inc.
Chairman: Jason Chen
Date: March 15, 2023

安侯建業聯合會計師事務所
KPMG
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68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

# Independent Auditors' Report

To the Board of Directors of Weblink International Inc.:

## Opinion

We have audited the consolidated financial statements of Weblink International Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2022 and 2021, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, 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 years then ended 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"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect 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) "Recognition of Revenue" for accounting policy related to revenue recognition and note 6(v) for the information related to revenue of the consolidated financial statements.

**Description of key audit matter**

The Group's operating revenues is the main indicator for investors and management to assess their financial or business performance. Since Weblink International Inc. is a listed company, it has a high risk of false representation. Therefore, revenue recognition is one of our key audit matters.

**How the matter was addressed in our audit:**

Our audit procedures included:

- Understanding the operation and industry characteristics of the Group and reviewing sales contracts to confirm whether the time point of revenue recognition and accounting treatment were appropriate.
- Assessing and testing the design, and the effectiveness of the internal controls over revenue recognition.
- Performing trend analysis on operating income generated from each top ten customer in current period versus that in latest quarter and last year to assess the occurrence of any significant variation and the rationale for the variation.
- Performing test-of-details on transactions to assess the existence of the transactions and the accuracy of the recognized sales as well as the timing of the recognition.
- Performing sales cut-off test over a period prior and post to the balance sheet date by vouching relevant documents of sales transactions to determine whether the revenue have been recognized in proper period.

**2. Valuation of inventories**

Please refer to note 4(h) "Inventories" for accounting policy related to valuation of inventories, note 5(a) for accounting assumptions and estimation uncertainties of inventories and note 6(f) for information related to impairment of inventories of the consolidated financial statements.

**Description of key audit matter:**

The Group is principally engaged in the distribution and sales of IT consumer products and other products. As a result of rapid technological changes, innovative products may significantly change consumers' needs and shorten products' life cycles. Additionally, intense competition and market saturation lead to the risk of inventory write-down. As of December 31, 2022, the inventory balance of $2,327,538 thousands consisted of 34% of the total consolidated assets. Valuation of inventory relies on past experience and future sales forecast, which involved the subjective judgment from the top management. Therefore, the subsequent measurement of inventories was considered to be one of our key audit matters.

**How the matter was addressed in our audit:**

Our audit procedures included:

- Assessing whether provision policies for inventories are applied.
- Assessing the appropriateness of the aging movement by examining the aging analysis of inventories.
- Assessing whether the Group's subsequent measurement of inventories has been evaluated in accordance with the Group's provision policy on a consistent basis.
- Understanding the reasonableness of sales prices adopted by the Group's top management and the changes of the market prices after the reporting date, as well as verifying the sales prices and the calculation of net realizable value by vouching the source documents of samples; then, determining whether the provision for net realizable value has been appropriately valuated.
- For inventories with low turnover, examining the sales after the reporting date and assessing the basis on net realizable value that was adopted to verify the appropriateness of the Group's valuation on provision on obsolete stock.

### 3. Business combination

Please refer to note 4(m) “Impairment of Non-financial Assets” in the consolidated financial statements for accounting policies on goodwill impairment, note 5(b) for uncertainties over accounting assumptions and estimation regarding goodwill impairment, and note 6(l) “Intangible Assets” for estimate of goodwill impairment.

**Description of key audit matter:**

The Weblink Group has generated goodwill through merger. Assessing impairment of goodwill involves assumptions regarding the Company's estimates of future cash flows and the discounted value thereof. Besides, such assumptions and assessment not only involve management’s subjective judgment and but also have a high degree of uncertainty. Therefore, we considered impairment of goodwill to be a key audit matter.

**How the matter was addressed in our audit:**

Our audit procedures included:

- Assessing cash generating units (CGUs) identified by management.
- Ascertaining the completeness of the book values attributable to assets of CGUs.
- Evaluating both the estimation basis and key assumptions adopted by management in the measurement of recoverable amounts, including the reasonableness of discount rates, projected revenue growth rates and forecasted future cash flows;
- appointing internal experts to assess the reasonableness of important assumptions; and
- reviewing whether the Group had disclosed information about assessment of goodwill impairment appropriately.

## Other Matter

Weblink International Inc. has 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 unmodified opinion.

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

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

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

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

**Auditors' 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 and 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 remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Min-Ju Chao and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2023

**Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

# WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES

## Consolidated Balance Sheets

## December 31, 2022 and 2021

## (Expressed in Thousands of New Taiwan Dollars)

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** |
| 11xx | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (note 6(a)) | $ 579,668 | 8 | 483,068 | 7 |
| 1110 | Financial assets at fair value through profit or loss－current (note 6(b)) | - | - | 261 | - |
| 1150 | Notes receivable, net (notes 6(d) and (v)) | 217,385 | 3 | 189,321 | 3 |
| 1170 | Accounts receivable, net (notes 6(d) and (v)) | 2,518,986 | 37 | 2,450,357 | 37 |
| 1180 | Accounts receivable－related parties (notes 6(d), (v) and 7) | 105,599 | 2 | 102,365 | 2 |
| 1200 | Other receivables (notes 6(e) and 7) | 15,330 | - | 5,093 | - |
| 1220 | Current income tax asset | 8 | - | 1,076 | - |
| 130x | Inventories (note 6(f)) | 2,327,538 | 34 | 2,153,116 | 33 |
| 1410 | Prepayments | 98,400 | 2 | 206,752 | 3 |
| 1476 | Other financial assets－current (notes 6(m) and 8) | - | - | 5,538 | - |
| 1479 | Other current assets | 19,946 | - | 9,654 | - |
| | **Total current assets** | 5,882,860 | 86 | 5,606,601 | 85 |
| 15xx | **Non-current assets:** | | | | |
| 1517 | Financial assets at fair value through other comprehensive income－non-current (note 6(c)) | 22,719 | - | - | - |
| 1550 | Investments accounted for using equity method (note 6(g)) | 334,401 | 5 | 292,224 | 5 |
| 1600 | Property, plant and equipment (notes 6(h), (j), (m) and 8) | 141,648 | 2 | 144,567 | 2 |
| 1755 | Right-of-use assets (notes 6(h), (k), (o) and 7) | 67,871 | 1 | 84,836 | 1 |
| 1780 | Intangible assets (notes 6(h), (i) and (l)) | 332,710 | 5 | 327,654 | 5 |
| 1840 | Deferred tax assets (note 6(q)) | 62,051 | 1 | 59,758 | 1 |
| 1920 | Refundable deposits (note 7) | 31,970 | - | 18,352 | - |
| 1930 | Long-term receivables (notes 6(d) and (v)) | - | - | 33,250 | 1 |
| | **Total non-current assets** | 993,370 | 14 | 960,641 | 15 |
| 1xxx | **Total assets** | **$ 6,876,230** | **100** | **6,567,242** | **100** |

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** |
| 21xx | **Current liabilities:** | | | | |
| 2100 | Short-term borrowings (notes 6(j), (m), 8 and 9) | $ 1,208,485 | 18 | 922,641 | 14 |
| 2110 | Short-term notes and bills payable (note 6(n)) | - | - | 99,994 | 2 |
| 2120 | Financial liabilities at fair value through profit or loss－current (notes 6(b) and 6(h)) | 3,582 | - | 32,769 | - |
| 2130 | Contract liabilities－current (notes 6(v) and 7) | 31,448 | - | 58,311 | 1 |
| 2150 | Notes payable | 10,324 | - | 854 | - |
| 2170 | Accounts payable | 2,053,163 | 30 | 2,182,158 | 33 |
| 2180 | Accounts payable－related parties (note 7) | 275,512 | 4 | 145,318 | 2 |
| 2200 | Other payables (notes 6(r) and (w)) | 734,973 | 11 | 767,980 | 11 |
| 2220 | Other payables－related parties (note 7) | 1,424 | - | 1,317 | - |
| 2230 | Current tax liabilities | 46,875 | 1 | 51,749 | 1 |
| 2280 | Lease liabilities－current (notes 6(o) and 7) | 31,748 | - | 42,292 | 1 |
| 2365 | Refund liabilities－current | 43,251 | 1 | 41,964 | 1 |
| 2399 | Other current liabilities | 802 | - | 1,701 | - |
| | **Total current liabilities** | 4,441,587 | 65 | 4,349,048 | 66 |
| 25xx | **Non-Current liabilities:** | | | | |
| 2503 | Financial liabilities measured at fair value through profit or loss－non-current (notes 6(b) and 6(h)) | - | - | 3,066 | - |
| 2570 | Deferred tax liabilities (note 6(q)) | 10,042 | - | 939 | - |
| 2580 | Lease liabilities－non-current (notes 6(o) and 7) | 38,222 | 1 | 43,487 | 1 |
| 2640 | Defined benefit liabilities－non-current (note 6(p)) | 69,987 | 1 | 94,478 | 2 |
| 2645 | Guarantee deposits received | 30,150 | - | 30,150 | - |
| 2670 | Other non-current liabilities | 3,048 | - | 3,048 | - |
| | **Total non-current liabilities** | 151,449 | 2 | 175,168 | 3 |
| 2xxx | **Total liabilities** | 4,593,036 | 67 | 4,524,216 | 69 |
| 31xx | **Equity attributable to owners of parent (notes 6(g), (h), (i), (s) and (t)):** | | | | |
| 3110 | Common stock | 815,814 | 12 | 815,814 | 13 |
| 3200 | Capital surplus | 629,750 | 9 | 609,294 | 9 |
| 3300 | Retained earnings: | | | | |
| 3310 | Legal reserve | 179,667 | 3 | 151,267 | 2 |
| 3320 | Special reserve | 54,882 | 1 | 29,588 | - |
| 3350 | Unappropriated retained earnings | 384,641 | 5 | 316,409 | 5 |
| | | 619,190 | 9 | 497,264 | 7 |
| 3400 | Other equity | (38,908) | (1) | (54,882) | (1) |
| | **Total equity attributable to owners of parent** | 2,025,846 | 29 | 1,867,490 | 28 |
| 36XX | **Non-controlling interests (note 6(i))** | 257,348 | 4 | 175,536 | 3 |
| 3xxx | **Total equity** | 2,283,194 | 33 | 2,043,026 | 31 |
| 2-3xx | **Total liabilities and equity** | **$ 6,876,230** | **100** | **6,567,242** | **100** |

See accompanying notes to consolidated financial statements.

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

# WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

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

## (Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

| | | 2022 | | 2021 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4000 | **Operating revenues (notes 6(v) and 7)** | $ 23,281,994 | 100 | 21,299,939 | 100 |
| 5000 | **Operating costs (notes 6(f) and 7)** | 21,583,134 | 93 | 20,064,965 | 94 |
| 5900 | **Gross profit from operations** | 1,698,860 | 7 | 1,234,974 | 6 |
| 6000 | **Operating expenses (notes 6(d), (j), (k), (l), (o), (p), (t), (w), 7 and 12):** | | | | |
| 6100 | Selling expenses | 945,768 | 4 | 698,379 | 3 |
| 6200 | Administrative expenses | 229,919 | 1 | 220,195 | 1 |
| 6450 | Expected credit losses (reversal gains) | 293 | - | (982) | - |
| | **Total operating expenses** | 1,175,980 | 5 | 917,592 | 4 |
| 6900 | **Operating income** | 522,880 | 2 | 317,382 | 2 |
| 7000 | **Non-operating income and expenses (notes 6(b), (g), (j), (k), (o), (x) and 7):** | | | | |
| 7100 | Interest income | 1,721 | - | 1,564 | - |
| 7010 | Other income | 16,091 | - | 42,587 | - |
| 7020 | Other gains and losses | (29,601) | - | 3,160 | - |
| 7050 | Finance costs | (46,489) | - | (16,218) | - |
| 7060 | Share of profits of associates | 78,514 | - | 63,610 | - |
| | **Total non-operating income and expenses** | 20,236 | - | 94,703 | - |
| 7900 | **Profit from continuing operations before tax** | 543,116 | 2 | 412,085 | 2 |
| 7950 | **Less: Income tax expenses (note 6(q))** | 101,666 | - | 51,892 | - |
| 8200 | **Net profit** | 441,450 | 2 | 360,193 | 2 |
| 8300 | **Other comprehensive income (notes 6(g), (i), (p), (q) and (s)):** | | | | |
| 8310 | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans | 16,645 | - | (11,929) | - |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 309 | - | (70,726) | (1) |
| 8349 | Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 3,329 | - | (2,386) | - |
| | Total items that will not be reclassified subsequently to profit or loss | 13,625 | - | (80,269) | (1) |
| 8360 | **Components of other comprehensive income (loss) that will be reclassified to profit or loss** | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 4,030 | - | (3,448) | - |
| 8370 | Share of other comprehensive income of associates and joint ventures accounted for using the equity method | 1,481 | - | - | - |
| 8399 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss | 680 | - | - | - |
| | Components of other comprehensive income that will be reclassified to profit or loss | 4,831 | - | (3,448) | - |
| 8300 | **Other comprehensive income (loss)** | 18,456 | - | (83,717) | (1) |
| 8500 | **Total comprehensive income (loss)** | $ 459,906 | 2 | 276,476 | 1 |
| | **Profit attributable to:** | | | | |
| 8610 | Owners of parent | $ 415,049 | 2 | 340,918 | 2 |
| 8620 | Non-controlling interests | 26,401 | - | 19,275 | - |
| | | $ 441,450 | 2 | 360,193 | 2 |
| | **Comprehensive income (loss) attributable to:** | | | | |
| 8710 | Owners of parent | $ 431,023 | 2 | 258,710 | 1 |
| 8720 | Non-controlling interests | 28,883 | - | 17,766 | - |
| | | $ 459,906 | 2 | 276,476 | 1 |
| | **Earnings per share (expressed in New Taiwan dollars) (note 6(u))** | | | | |
| 9750 | Basic earnings per share | $ | 5.09 | | 4.28 |
| 9850 | Diluted earnings per share | $ | 4.99 | | 4.22 |

See accompanying notes to consolidated financial statements.

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

## WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES

### Consolidated Statements 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 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retained earnings | | | | | | | | | | |
| | Common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Total | Foreign currency translation differences | Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income | Gains (losses) on remeasurements of defined benefit | Total other equity interest | Total equity attributable to owners of parent | Non-controlling interests | Total equity |
| **Balance at January 1, 2021** | $ 737,484 | 441,893 | 131,844 | 21,169 | 223,411 | 376,424 | (267) | 13,811 | (43,133) | (29,589) | 1,526,212 | 242 | 1,526,454 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 19,423 | - | (19,423) | - | - | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 8,419 | (8,419) | - | - | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (163,163) | (163,163) | - | - | - | - | (163,163) | - | (163,163) |
| Net profit for the year | - | - | - | - | 340,918 | 340,918 | - | - | - | - | 340,918 | 19,275 | 360,193 |
| Other comprehensive income for the year | - | - | - | - | - | - | (1,939) | (70,726) | (9,543) | (82,208) | (82,208) | (1,509) | (83,717) |
| Total comprehensive income for the year | - | - | - | - | 340,918 | 340,918 | (1,939) | (70,726) | (9,543) | (82,208) | 258,710 | 17,766 | 276,476 |
| Issue of shares | 78,330 | 166,219 | - | - | - | - | - | - | - | - | 244,549 | - | 244,549 |
| Share-based payments transactions | - | 1,699 | - | - | - | - | - | - | - | - | 1,699 | - | 1,699 |
| Share of changes in equity of associate | - | (517) | - | - | - | - | - | - | - | - | (517) | - | (517) |
| Disposal of investments in equity instruments measured at fair value through other comprehensive income | - | - | - | - | (56,915) | (56,915) | - | 56,915 | - | 56,915 | - | - | - |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | 157,528 | 157,528 |
| Balance at December 31, 2021 | 815,814 | 609,294 | 151,267 | 29,588 | 316,409 | 497,264 | (2,206) | - | (52,676) | (54,882) | 1,867,490 | 175,536 | 2,043,026 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 28,400 | - | (28,400) | - | - | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 25,294 | (25,294) | - | - | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (261,061) | (261,061) | - | - | - | - | (261,061) | - | (261,061) |
| Net profit | - | - | - | - | 415,049 | 415,049 | - | - | - | - | 415,049 | 26,401 | 441,450 |
| Other comprehensive income | - | - | - | - | - | - | 2,349 | 309 | 13,316 | 15,974 | 15,974 | 2,482 | 18,456 |
| Total comprehensive income | - | - | - | - | 415,049 | 415,049 | 2,349 | 309 | 13,316 | 15,974 | 431,023 | 28,883 | 459,906 |
| Changes in ownership interests in subsidiaries | - | 635 | - | - | - | - | - | - | - | - | 635 | - | 635 |
| Share of changes in equity of associate | - | (37) | - | - | (32,062) | (32,062) | - | - | - | - | (32,099) | - | (32,099) |
| Subsidlary organizational restructuring | - | 19,858 | - | - | - | - | - | - | - | - | 19,858 | - | 19,858 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | 52,929 | 52,929 |
| **Balance at December 31, 2022** | **$ 815,814** | **629,750** | **179,667** | **54,882** | **384,641** | **619,190** | **143** | **309** | **(39,360)** | **(38,908)** | **2,025,846** | **257,348** | **2,283,194** |

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

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**

**Consolidated 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 operating activities:** | | |
| **Profit before tax** | $ 543,116 | 412,085 |
| **Adjustments:** | | |
| **Adjustments to reconcile profit:** | | |
| Depreciation expense | 52,540 | 49,007 |
| Amortization expense | 23,972 | 13,960 |
| Expected credit losses (reversal gains) | 293 | (982) |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 18,230 | (184) |
| Interest expense | 46,489 | 16,218 |
| Interest income | (1,721) | (1,564) |
| Dividend income | - | (34,949) |
| Compensation costs of share-based payments | - | 1,699 |
| Shares of profits of associates accounted for using equity method | (78,514) | (63,610) |
| Loss on disposal of property, plant and equipment | (357) | (1,570) |
| Loss on incident | - | 10,110 |
| Gain on lease modification | (46) | - |
| **Total adjustments to reconcile profit** | 60,886 | (11,865) |
| **Changes in operating assets and liabilities:** | | |
| **Changes in operating assets:** | | |
| Notes receivable | (28,064) | 270 |
| Accounts receivable | (68,922) | 36,343 |
| Accounts receivable－related parties | (3,234) | (233,838) |
| Other receivables | (10,237) | (35,855) |
| Other receivables－related parties | - | 8 |
| Inventories | (174,422) | 64,531 |
| Prepayments | 108,352 | 20,056 |
| Other current assets | (10,292) | (5,702) |
| Long-term receivables | 33,250 | 44,922 |
| **Total changes in operating assets** | (153,569) | (109,265) |
| **Changes in operating liabilities:** | | |
| Financial liabilities at fair value through profit or loss | (12,687) | - |
| Contract liabilities | (26,863) | (123,444) |
| Notes payable | 9,470 | (1,317) |
| Accounts payable | (128,995) | 300,380 |
| Accounts payable－related parties | 130,194 | (32,742) |
| Other payables | (33,977) | (108,458) |
| Other payables－related parties | 107 | 605 |
| Refund liabilities | 1,287 | 8,498 |
| Other current liabilities | (899) | 720 |
| Net defined benefit liability | (7,846) | (5,732) |
| **Total changes in operating liabilities** | (70,209) | 38,510 |
| **Total changes in operating assets and liabilities** | (223,778) | (70,755) |
| **Total adjustments** | (162,892) | (82,620) |
| Cash inflow generated from operations | 380,224 | 329,465 |
| Interest received | 1,721 | 1,564 |
| Income taxes paid | (102,346) | (54,568) |
| **Net cash flows from operating activities** | 279,599 | 276,461 |
| **Cash flows from (used in) investing activities:** | | |
| Acquisition of financial assets at fair value through other comprehensive income | (22,410) | - |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | - | 46,504 |
| Proceeds from acquisition of subsidiaries | (37,535) | - |
| Cash acquired fomr acquisition (net of cash paid) | - | 189,038 |
| Acquisition of property, plant and equipment | (3,420) | (5,448) |
| Proceeds from disposal of property, plant and equipment | 581 | 1,692 |
| Increase in refundable deposits | (13,618) | (881) |
| Acquisition of intangible assets | (4,311) | (1,689) |
| Decrease in other financial assets－non-current | 5,538 | 157,544 |
| Dividends received | 38,453 | 61,307 |
| **Net cash flows used in investing activities** | (36,722) | 448,067 |
| **Cash flows from (used in) financing activities:** | | |
| Increase (decrease) in short-term loans | 285,844 | (464,593) |
| Increase in short-term notes and bills payable | (99,994) | 111 |
| Increase in guarantee deposits received | - | 400 |
| Decrease in other payables | - | (29,359) |
| Payment of lease liabilities | (44,451) | (42,584) |
| Cash dividends paid | (261,061) | (163,163) |
| Proceeds from issuing shares | - | 244,549 |
| Interest paid | (45,519) | (14,195) |
| **Net cash flows from financing activities** | (165,181) | (468,834) |
| **Effect of exchange rate changes on cash and cash equivalents** | 18,904 | (1,125) |
| **Net increase in cash and cash equivalents** | 96,600 | 254,569 |
| **Cash and cash equivalents at beginning of period** | 483,068 | 228,499 |
| **Cash and cash equivalents at end of period** | $ **579,668** | **483,068** |

See accompanying notes to consolidated financial statements.

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

**WEBLINK INTERNATIONAL 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) Company history

Weblink International Inc. (the "Company") was incorporated on December 22, 1977 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The address of its registered office is 2-4F, 39, sec. Chung Hsiao W. Rd. Taipei 100, Taiwan (R.O.C.). Since January 6, 2020, the Company has become a public entity with the Taipei Exchange's approval. On March 25, 2020, the Company was listed on the Emerging Stock Board (ESB) of the Taipei Exchange. On March 31, 2021, the Company was listed on the Taiwan Stock Exchange. The Company mainly engages in agency services and sales regarding information electronics products as well as rubber products.

## (2) Authorization of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on March 15, 2023.

## (3) New standards, amendments and interpretations 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's adoption of the new amendments, effective for annual period beginning on January 1, 2023, are expected to have the following impacts:

Amendments to IAS 1 "Disclosure of Accounting Policies" , the key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The Group is continuing on evaluating and reviewing the accounting policies that should be disclosed in the consolidated financial statements to comply with the amendment.

The following amendments are not expected to have a significant impact on the Group' s consolidated financial statements.

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

(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 IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture" | The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.<br>The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. | Effective date to be determined by 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.<br>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt. | January 1, 2024 |

(Continued)

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the 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:

- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

**(4) Summary of significant accounting policies:**

The significant accounting policies presented in the consolidated financial statements are summarized below. 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 and issued into effect by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated 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) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(o).

(ii) 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 Dollar (NTD), which is the Company’ s functional currency. All financial information presented in NTD has been rounded to the nearest thousand, unless otherwrise stated.

(Continued)

# WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group attributes the profits (losses) of subsidiaries' non-controlling interests (NCIs) to NCIs, even if this results in the non-controlling interests having a deficit balance. When the Group loses control over a subsidiary, it derecognizes the carrying amount of the assets, liabilities, and any non-controlling interests of the subsidiary on the date when the control is lost. Any investment retained in the former subsidiary is measured at fair value on the date when the control is lost, with the resulting difference being recognized in profits (losses attributable to the Company.

Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements.

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.

The Company's subsidiaries underwent reorganization. In accordance with the FAQs to IFRS 3 "Doubtful Points in Accounting Treatment for Business Combination under Joint Control", such reorganization shall be accounted for as combination from the beginning to restate the comparative financial statements for the prior period. As stipulated by a letter (Ji-Mi-Tzu No. 033) from the Accounting Research and Development Foundation, during reorganization, exchange differences on translation of foreign financial statements shall be transferred along with equity-accounted investments and calculated using the exchange rate at the time of investment.

Due to reorganization of subsidiaries, the Company recognized equity-accounted investments according to the carrying amounts thereof. As stipulated by letter Ji-Mi-Tzu No. 33, such exchange differences on translation of foreign financial statements shall be accounted for as held from the beginning. Besides, the equity interests shall be adjusted in the amount of the difference from the previously recorded amount to recognize or write off capital surplus. If the balance credited to the capital surplus is not sufficient, then retained earnings shall be adjusted.

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

| | | | Shareholding | | |
|---|---|---|---|---|---|
| **Name investor** | **Name of investee** | **Pricipal activity** | **December 31, 2022** | **December 31, 2021** | **Description** |
| The Company | Wellife Inc. (WELL) | Retail of household appliances and 3C products | 100.00 % | 100.00 % | |
| The Company | Pecer Bio-medical Technology Incorporated (PBT) | Healthcare product distribution and biotechnology services | 75.00 % | 75.00 % | |
| The Company | Protrade Global Limited(PGL) | Investment | - % | 51.00 % | note 1 and 3 |
| The Company | Protrade Applied Materials (PAM) | Trading of rubber and various rubber products | 62.53 % | - % | note 3 and 4 |
| PGL | Snoqualmie Company Ltd.(SCL) | Investment | - % | 100.00 % | note 1 |

(Continued)

# WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

| Name investor | Name of investee | Pricipal activity | Shareholding December 31, 2022 | Shareholding December 31, 2021 | Description |
|---|---|---|---|---|---|
| PGL | Protrade Asia Limited(PAL) | Trading of rubber and various rubber products | - % | 100.00 % | note 1, 2 and 3 |
| PGL | Dakota Co., Ltd.(DCL) | Investment | - % | 100.00 % | note 1 |
| PGL | Cascadia Resources, Inc.(CRI) | Trading of rubber and various rubber products | - % | 100.00 % | note 1 |
| SCL | PAM | Trading of rubber and various rubber products | - % | 100.00 % | note 1 |
| PAM | PAL | Trading of rubber and various rubber products | 100.00 % | - % | note 1 |
| PAM | DCL | Investment | 100.00 % | - % | note 1 |
| PAM | CRI | Trading of rubber and various rubber products | 100.00 % | - % | note 1 and 5 |
| PAM | Protrade Resources Vietnam Company Limited(PRV) | Trading of rubber and various rubber products | 100.00 % | 100.00 % | note 6 |
| DCL | Protrade (Shanghai) Trading Co., Ltd.(PST) | Trading of rubber and various rubber products | 100.00 % | 100.00 % | |

Note 1： In October 2021, the Board of Directors of PGL, the Group’s subsidiary, resolved to:

(i) Liquidate SCL, its subsidiary. The liquidation procedures have been completed.

(ii) Undergo a reorganization by having PAM hold the equity interests in PAL, DCL and CRI directly. In July 2022, the above-mentioned reorganization has been completed.

Note 2： In 2022, PAL’ s Board of Directors resolved to decrease its capital and refund the share payments of USD 1,900 thousand; relevant procedures have been completed.

Note 3： In July 2022, PGL, a subsidiary of the Group, passed a resolution in a shareholders' meeting to undergo liquidation. On August 1, 2022, the residual assets have been appropriated. Upon liquidation, the Company held a direct shareholding in PAM.

Note 4： On November 1, 2022, the Company’s Board of Directors resolved to subscribe for new shares issued by PAM in the amount not exceeding $256,022 thousand. The actual capital increase amounted to $244,240 thousand and the record date thereof is November 15, 2022.

Note 5： On October 14, 2022, PAM’s Board of Directors resolved to increase cash capital of CRI, its American subsidiary, by US$2,000 thousand. The aforementioned procedures have been completed.

Note 6： On October 14, 2022, PAM’ s Board of Directors resolved to subscribe for new shares of US$400 thousand issued by the Company's Vietnamese subsidiary, PRV. As of December 31, 2022, no share payment has been made for the aforementioned capital increase.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

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.

Except for the differences in an investment in equity securities designated as at fair value through other comprehensive income which are recognized in other comprehensive income, the foreign currency differences are recognized in profit and loss.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(ii) 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.

(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.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) 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. An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) 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, demand deposits and cheque 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.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(g) Financial instruments

Trade receivables 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.

(i) 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 or fair value through profit and loss.

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 )

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 (ex-dividend date usually) on which the Group's right to receive payment is established.

(Continued)

If the Group acquires a previously recognized financial asset at FVOCI by batches, and thus obtained control over it, then the fair value thereof shall be adjusted to the date on which the control is obtained. Besides, unrealized gains (losses) on financial assets at FVOCI shall be accounted for as realized and transferred to retained earnings.

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) 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, trade receivables (includes related parties) and notes receivable, other receivable (includes related parties) and guarantee deposit paid).

The Group measures loss allowances for notes receivable and trade receivables at an amount equal to lifetime ECL.

Impairment for bank deposits, other receivables and refundable deposits (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due.

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The Group considers a financial asset to be in default when the financial asset is more than 61 days (91 days for some subsidiaries) past due, or the debtor is unlikely to pay its credit obligations to the Company in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e 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). ECL are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

5) 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.

(ii) Financial liabilities and equity instruments

1) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

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) Derecognition of financial liabilities

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

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

4) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes necessary expenditure incurred in bringing them to their present location and condition.

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.

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.

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(j) Property, plant and equipment

(i) 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 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.

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

| | | |
|---|---|---|
| 1) | Buildings | 45~50 years |
| 2) | Computer equipment | 3~5 years |
| 3) | Transportation equipment | 2~5 years |
| 4) | Office equipment | 3~10 years |
| 5) | Machinery equipment | 3~5 years |
| 6) | Lease assets | 3 years |
| 7) | Leasehold improvement | 3 years |

Depreciation methods, useful lives and residual values are reviewed by the Group at each reporting date and adjusted if appropriate.

(k) Lease－as a leasee

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.

(i) As a leasee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- 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:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is lease modifications in terms of lease property, scope of lease or other lease term.

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.

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

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 property 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 warehouse 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.

(ii) As a leasor

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.

(l) Intangible assets

(i) Goodwill and customer relationships

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses. Customer relationship obtained by the Group is measured at cost, less accumulated amortization and impairment.

(ii) Computer software

The computer software acquired by the Company is measured at cost, less accumultaed amortization and accumulated impairment losses.

(iii) 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.

(iv) 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.

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

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

| | | |
|---|---|---|
| 1) | Customer relationships | 10 years |
| 2) | Computer software | 1~5 years |

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

(m) Impairment of non-derivative financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) 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 cash-generating units（CGUs）. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

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

(n) Recognition of Revenue

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.

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(i) Sale of goods

The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group recognizes revenue based on the price specified in the contract, net of the estimated volume discounts and rebates. Accumulated experience is used to estimate the discounts and rebates using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected sales discounts and rebate payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term ranged from 30 to 90 days, which is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Customer loyalty program

The Group operates a customer loyalty program to its customers. Customers obtain points for purchases made, which entitle them to discount on future purchases. The Group considers that the points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Group has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

(iii) Revenue from service rendered

The Group provides repairment services, IT management and warehousing services for goods sold. Revenue from providing services is recognized in the accounting period in which the services are rendered.

(iv) Interest income arising from installment sales

The Group engages in installment sales. The difference between the prices of installment and lump sum sales are recognized as unrealized interest income. Besides, such income shall be recognized as interest income arising from installment sales over the period of the installment using the interest method. The balance of unrealized interest income is recognized as a reduction from notes and accounts receivable.

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) 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 reflected in other 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.

(iii) Short-term employee benefits

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

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an 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 for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the Group notified the employees about the subscription price and the number of shares to be subscribed.

(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 recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

(Continued)

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(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 (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date.

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 Group’s net assets in the event of liquidation.

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(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 of the Group 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, such as remuneration.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(t) Operating segments

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

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparing these consolidated financial statements, management has made 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.

In judging whether the Group had substantive control over the investee, the Company assessed that its accounting policies not only involved material judgment but also had significant influence on the amounts that had been stated in parent-company-only financial statements.

As the single largest shareholder, the Group held 30.22% voting shares in Piovision International Inc. (hereinafter referred to as “Piovision International”). The other 33.90% and 26.30% voting shares were held by the other 2 directors, their spouses, and relatives of the 1st degree.

Consequently, the Group was unable obtain more than half of Piovision International’ s Board seats and voting rights of shareholders attending a shareholders' meeting. Therefore, the Group determined that it had significant influence over Piovision International.

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

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net note 6(f) for further description of the subsequent measurements of inventories.

(b) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and determine the recoverable amount of the relevant CGUs. Please refer to note 6(l) for further description of the impairment assessment of goodwill.

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Cash | $ 425 | 319 |
| Demand and cheque deposits | 545,464 | 482,749 |
| Time deposits | 33,779 | - |
| Cash and cash equivalents in the consolidated statement of cash flows | **$ 579,668** | **483,068** |

Please refer to note 6(y) for the disclosure of interest rate risks of the Groups' financial assets and liabilities.

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Financial assets at fair value through profit or loss-current: | | |
| Non-hedging derivatives instruments- currency swap contracts | **$ -** | **261** |
| Financial liabilities at fair value through profit or loss-current: | | |
| Non-hedging derivatives instruments- currency swap contracts | $ 2,369 | 77 |
| Non-hedging derivatives instruments- forward exchange contracts | 14 | - |
| Contingent consideration in business combination | 1,199 | 32,692 |
| Subtotal | 3,582 | 32,769 |
| Financial liabilities at fair value through profit or loss-non-current: | | |
| Contingent consideration in business combination | - | 3,066 |
| Total | **$ 3,582** | **35,835** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The Group uses derivative financial instruments to hedge the certain foreign exchange risk that the Group is exposed to as a result of its operating activities. The following details of currency swap contracts, without the application of hedge accounting, were classified as financial assets and liabilities measured at fair value through profit or loss:

Currency swap contracts:

| December 31, 2022 | | |
|---|---|---|
| **Contract amount (USD in thousand)** | **Currency** | **Maturity period** |
| $ 1,000 | Sold in USD/ buy in NTD | March 24, 2023 |

| December 31, 2021 | | |
|---|---|---|
| **Contract amount (USD in thousand)** | **Currency** | **Maturity period** |
| $ 2,500 | Sold in USD/ buy in NTD | November 1, 2022 |
| $ 3,000 | Sold in USD/ buy in NTD | November 1, 2022 |

Forward exchange contract:

| December 31, 2022 | | |
|---|---|---|
| **Contract amount (USD in thousand)** | **Currency** | **Maturity period** |
| $ 400 | Sold in USD/ buy in NTD | March 20, 2023 |

In June 2021, the Group acquired control over Protade Global Limited (hereinafter referred to as "PGL") by acquiring equity interests. The transfer consideration includes contingent consideration, which was recognized at fair value as a financial liability at FVTPL.

Please refer to note 6(x) for the amounts recognized in other gains and losses that resulted from remeasured at fair value.

(c) Financial assets measured of fair value through other comprehensive income－non-current

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Equity investments measured at fair value through other comprehensive income | | |
| Oversea unlisted stock－Bluechip Infotech Pty Ltd (Bluechip) | $ 22,719 | - |

(i) Equity investments at FVOCI

The Group held 7.59%ordinary shares in Bluechip, an entity engaging in sales of computer software and peripherals. With a shareholding of only 7.59% the Company was not the single largest shareholder; therefore, its management clearly proved that it did not have significant influence over Bluechip.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term strategic purposes.

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

(ii) For information related to market risk, please refer to note 6(z).

(iii) The aforementioned financial assets did not pledge as collateral for loans.

(d) Notes receivable, accounts receivable and long-term receivables

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Notes receivable | $ | 217,385 | 189,321 |
| Accounts receivable | | 2,504,458 | 2,425,828 |
| Installment receivables | | 33,285 | 45,360 |
| Accounts receivable－related parties | | 105,599 | 102,365 |
| Long-term receivables | | - | 33,285 |
| Less: loss allowance－accounts receivable | | (18,722) | (20,392) |
| Less: unrealized interest revenue－installment receivables | | (35) | (439) |
| Less: unrealized interest revenue－long-term receivables | | - | (35) |
| | $ | 2,841,970 | 2,775,293 |

The Company 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, notes receivable, trade receivables and long-term accounts receivable have been grouped based on shared credit risk characteristics, as well as the incorporated forward-looking information.

As of December 31, 2022, analysis of expected credit losses on notes receivable, accounts receivable and long-term receivables arising from operating consumer electronics and healthcare products were as follows:

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | | Gross carrying amount | Weighted average loss rate (%) | Loss Allowance |
| Current | $ | 2,024,787 | 0~0.11 | 2,238 |
| Past due 1-30 days | | 355,311 | 1.06 | 3,750 |
| Past due 31-60 days | | 16,747 | 38.13 | 6,386 |
| Past due over 61 days | | 1,084 | 100.00 | 1,084 |
| | $ | 2,397,929 | | 13,458 |

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

As of December 31, 2022, analysis of expected credit losses on notes receivable, accounts receivable and long-term receivables arising from operating rubber and plastic products were as follows:

| | December 31, 2022 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted average loss rate (%)** | **Loss Allowance** |
| Current | $ 328,740 | 0~0.10 | 105 |
| Past due 1-30 days | 108,974 | 0~1.32 | 758 |
| Past due 31-60 days | 11,910 | 0~2.30 | 103 |
| Past due 61-90 days | 9,693 | 7.07~10.99 | 817 |
| Past due over 91 days | 3,481 | 100.00 | 3,481 |
| | **$ 462,798** | | **5,264** |

As of December 31, 2021, analysis of expected credit losses on notes receivable, accounts receivable and long-term receivable were as follows:

| | December 31, 2022 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted average loss rate (%)** | **Loss Allowance** |
| Current | $ 2,369,638 | 0~0.65 | 4,242 |
| Past due 1-30 days | 408,601 | 0~8.81 | 6,790 |
| Past due 31-60 days | 9,877 | 0~61.45 | 2,126 |
| Past due over 61 days | 8,043 | 0~100.00 | 7,234 |
| | **$ 2,796,159** | | **20,392** |

Movements of the allowance for notes and accounts receivable were as follows:

| | **2022** | **2021** |
|---|---|---|
| Balance at January 1 | $ 20,392 | 14,611 |
| Acquisition through business combination | - | 6,911 |
| Impairment losses (gains on reversal) | 293 | (982) |
| Amounts written-off | (2,368) | - |
| Effect of movement in exchange rates | 405 | (148) |
| Balance at December 31 | **$ 18,722** | **20,392** |

The above-mentioned financial assets were not pledge as collaterals.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(e) Other receivables

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Other receivables | $ 15,330 | 5,093 |
| Less: Loss allowance | - | - |
| | **$ 15,330** | **5,093** |

The Group did not have any past due other receivables as of December 31, 2022 and 2021.

For more information on credit risk, please refer to note 6(y).

(f) Inventories

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Goods in stock | $ 2,228,411 | 2,052,423 |
| Space parts | 29,360 | 35,276 |
| Goods in transit | 69,767 | 65,417 |
| | **$ 2,327,538** | **2,153,116** |

Detail of cost of goods sold recognized by the Group were as follows:

| | 2022 | 2021 |
|---|---|---|
| Cost of inventories sold | $ 21,533,636 | 19,992,476 |
| Write-down of inventories | 25,270 | 34,267 |
| Shortage of inventories | - | 29 |
| Cost of maintenance | 24,228 | 38,193 |
| | **$ 21,583,134** | **20,064,965** |

(g) Investments accounted for using equity method

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Associates | **$ 334,401** | **292,224** |

(i) Associate which is material

| Name of Associates | Nature of Relationship with the Group | Main operating location/ Registered Country of the Company | Proportion of shareholding and voting rights December 31, 2022 | Proportion of shareholding and voting rights December 31, 2021 |
|---|---|---|---|---|
| Antung Trading Corporation | Investee | Taiwan | 20.00 % | 20.00 % |

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The following consolidated financial information of significant associate has been adjusted according to individually prepared IFRS financial statements of these associate as to reflect the fair value adjustments made by the company upon acquiring shares of the associate as well as the adjustments made for the differences in accounting policy:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current assets | $ 1,326,457 | 1,082,820 |
| Non-current assets | 1,138,200 | 930,421 |
| Current liabilities | (1,002,421) | (737,168) |
| Non-current liabilities | (30,814) | (70,076) |
| Net assets | **$ 1,431,422** | **1,205,997** |
| Net assets attributable to non-controlling interests | **$ 1,145,137** | **964,797** |
| Net assets attributable to investee | **$ 286,285** | **241,200** |

| | 2022 | 2021 |
|---|---|---|
| Operating revenue | **$ 2,874,782** | **2,679,138** |
| Profit (loss) from continuing operations | $ 394,843 | 320,613 |
| Other comprehensive income | 7,405 | (1,841) |
| Total comprehensive income | **$ 402,248** | **318,772** |
| Comprehensive income (loss) attributable to non-controlling interests | **$ 321,798** | **255,017** |
| Comprehensive income (loss) attributable to investee | **$ 80,450** | **63,755** |
| Share of net assets of associate as of January 1 | $ 241,200 | 201,962 |
| Comprehensive income attributable to the Company | 80,450 | 63,755 |
| Changes in equity of associate accounted for using equity method | 635 | (517) |
| Dividends received from associate | (36,000) | (24,000) |
| Share of net assets of associate as of December 31 | 286,285 | 241,200 |
| Add: Customer relation | 42,103 | 42,103 |
| Less: Customer relation written-off | 10,886 | 7,647 |
| Carrying amount of the Company's equity interest of the associate as of December 31 | **$ 317,502** | **275,656** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(ii) Insignificant associate

The Group’s financial information for investments accounted for using the equity method that are individually insignificant was as follows:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Carrying amount of individually insignificant associates’ equity | $ | 16,899 | 16,568 |

| | | 2022 | 2021 |
|---|---|---|---|
| Attributable to the Company: | | | |
| Profit (loss) from continuing operations | $ | 2,784 | 2,726 |
| Other comprehensive (loss) income | | - | - |
| Comprehensive income | $ | 2,784 | 2,726 |

(iii) Collateral

The Company's investments accounted for using equity method were not pledged as collateral as of December 31, 2022 and 2021.

(h) Acquisitions of subsidiaries

(i) Acquisitions of subsidiaries

On June 1, 2021, the Company obtained control of PGL by acquiring 32% of the shares and voting interests. As a result, the Company’s equity interest in PGL increased from 19% to 51%.

PGL and its subsidiaries (hereinafter referred to as the “ PGL Group” ) are all-round international trading companies specializing in logistics and trading of synthetic rubbers, plastics, related chemical products, and the raw materials thereof. Although the PGL Group differs from the Company in product and industry, both of them operate by utilizing distribution channels and platforms. As the Company was promoting the "partnership economy” and establishing a cross-industry distribution channel platform, it included the PGL Group among its key partners for cross-industry alliance to achieve synergy.

For the seven months ended December 31, 2021, PGL Group contributed profit after tax a net profit of $3,279,739 thousand and $39,306 thousand respectively to the Group from the date of acquisition.. If the acquisition had occurred on January 1, 2021, management estimates that consolidated revenue and profit after income tax would have been $23,320,162 thousand and $445,949 thousand respectively. In determining these amounts, the management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2021.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The main categories of transfer consideration, as well as the assets and liabilities acquired and the amount of goodwill recognized as of the acquisition date, are listed as follows:

1) The main categories of transfer consideration are as follows:

| | | |
|---|---|---|
| Cash | $ | 184,923 |
| Contingent consideration | | 35,758 |
| Total | **$** | **220,681** |

Contingent consideration

Under the contingent consideration arrangement, PGL shall decide whether to pay an additional transfer consideration according to the average profits after tax for 2021 and 2022, and the amount of the transfer consideration shall not exceed USD 1,672 thousand. Under the contingent consideration arrangement, the Group's potential undiscounted cash of all contingent payments that it must pay in the future amounts to USD 40 thousand approximately..

On the acquisition date, the fair value of the contingent consideration estimated using the equity method amounted to $35,758 thousand. Fair values were measured based on significant unobservable inputs in the market; that is, Level 3 fair value under IFRS 13 "Fair Value Measurement" that was approved by the FSC. The key assumption is the discount rate; please refer to note 6(y) for key assumptions and sensitivity analysis,

As of December 31, 2022, the amount of contingent consideration recognized and the assumptions used to estimate the contingent consideration had not changed. For changes in contingent consideration for 2022, please refer to note 6(y) "Statement of changes in level 3".

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

2) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 373,961 |
| Financial assets measured at fair value through profit or loss | | 46,504 |
| Notes and accounts receivable | | 408,925 |
| Other receivables | | 4,863 |
| Inventories | | 404,619 |
| Prepayments | | 216,091 |
| Other current assets | | 164,301 |
| Property, plant and equipment (note 6(j)) | | 134,224 |
| Right-of-use assets (note 6(k)) | | 24,211 |
| Intangible assets (note 6(l)) | | 183,663 |
| Other non-current assets | | 7,909 |
| Short-term loan | | (827,234) |
| Contract liabilities | | (162,464) |
| Notes and accounts payable | | (175,947) |
| Other payables | | (316,597) |
| Dividend payables | | (134,059) |
| Current income tax liabilities | | (5,607) |
| Other current liabilities | | (397) |
| Other non-current liabilities | | (25,479) |
| Total fair value of identifiable net assets acquired | **$** | **321,487** |

The gross contractual amounts of accounts receivable is $415,836 thousand, of which $6,911 thousand was expected to be uncollectible at the acquisition date.

3) Goodwill

| | | |
|---|---|---|
| Consideration transferred | $ | 220,681 |
| Non-controlling interest in the acquiree, if any (proportionate share of the fair value of the identifiable net assets) | | 157,528 |
| Fair value of pre-existing interest of investee | | 96,068 |
| Less: Fair value of identifiable net assets | | (321,487) |
| Goodwill (reported as intangible assets) | **$** | **152,790** |

The Group re-measured the fair value of its existing equity interest of 19% in PGL before the business combination, and the resulting loss of $56,915 thousand is recognized under retained earnings.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The goodwill is mainly derived from manpower that is expected to achieve synergy through the cross-industry alliance with the PGL Group. None of the goodwill recognized is expected to be deductible for tax purposes.

(i) Material non-controlling interests of subsidiaries

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

| | | Percentage of non-controlling interests | |
|---|---|---|---|
| **Subsidiaries** | **Main operationplace** | **December 31, 2022** | **December 31, 2021** |
| PGL Group | Cayman | - % | 49.000 % |
| PAM and subsdiaries (PAM Group) | Taiwan | 37.474 % | - % |

Note: Subsidiaries of the Group restructured its organization in the year 2022, please refer to note 4(c) for more details.

The following information on the aforementioned subsidiaries has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in this information are the fair value adjustments made during the acquisition and relevant differences in accounting principles as of the acquisition date. Such financial information represents amounts before elimination of inter-company transactions.

Collective financial information for PAM Group and PGL Group:

| | PAM Group | PGL Group |
|---|---|---|
| | **December 31, 2022** | **December 31, 2021** |
| Current assets | $ 1,581,237 | 1,413,631 |
| Non-current assets | 175,608 | 163,479 |
| Current liabilities | (1,209,512) | (1,375,460) |
| Non- current liabilities | (27,331) | (14,793) |
| Net assets | **$ 520,002** | **186,857** |
| Net assets attributable to non-controlling interests | $ 194,865 | 91,560 |
| Add: Customer relation | 62,227 | 83,733 |
| Carrying amounts of non-controlling interests | **$ 257,092** | **175,293** |

(Continued)

# WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

| | 2022 | June 1, 2021to December 31, 2021 |
|---|---|---|
| Sales revenue | $ 5,098,158 | 3,279,739 |
| Net income | $ 72,449 | 50,012 |
| Other comprehensive income | 7,079 | (3,078) |
| Comprehensive income | $ 79,528 | 46,934 |
| Profit, attributable to non-controlling interests | $ 35,494 | 24,506 |
| Comprehensive income, attributable to non-controlling interests | $ 37,976 | 22,998 |
| Net cash flows from operating activities | $ (223,360) | (130,241) |
| Net cash flows from investing activities | (303) | 205,598 |
| Net cash flows from financing activities | 131,296 | (235,695) |
| Net decrease in cash and cash equivalents | $ (92,367) | (160,338) |

(j) Property, plant and equipment

The cost, depreciation and impairment losses of the property, plant and equipment of the Group in the years ended December 31, 2022 and 2021, were as follows:

| | Land | Buildings | Computer equipment | Transportation equipment | Office equipment | Machinery and equipment | Leased equipment | Leasehold improvement | Total |
|---|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | | |
| Balance at January 1, 2022 | $ 103,224 | 36,454 | 24,041 | 17,846 | 15,770 | 3,342 | 301 | - | 200,978 |
| Additions | - | - | 123 | 1,647 | 352 | 759 | - | 539 | 3,420 |
| Disposals | - | - | (220) | (1,457) | (2,124) | - | (40) | - | (3,841) |
| Effect of movements in exchange rates | - | - | 191 | - | 31 | - | - | 4 | 226 |
| Balance at December 31, 2022 | $ 103,224 | 36,454 | 24,135 | 18,036 | 14,029 | 4,101 | 261 | 543 | 200,783 |
| Balance at January 1, 2021 | $ - | - | 19,940 | 14,856 | 8,977 | 3,264 | 219 | - | 47,256 |
| Acquisition through business combination | 103,224 | 35,644 | 3,739 | 4,516 | 4,493 | - | - | - | 151,616 |
| Additions | - | - | 635 | 2,654 | 1,939 | 138 | 82 | - | 5,448 |
| Reclassification (note) | - | 810 | - | - | 544 | - | - | - | 1,354 |
| Disposals | - | - | (288) | (4,180) | (193) | (60) | - | - | (4,721) |
| Effect of movements in exchange rates | - | - | 15 | - | 10 | - | - | - | 25 |
| Balance at December 31, 2021 | $ 103,224 | 36,454 | 24,041 | 17,846 | 15,770 | 3,342 | 301 | - | 200,978 |
| Accumulated depreciation: | | | | | | | | | |
| Balance at January 1, 2022 | $ - | 8,411 | 21,800 | 11,553 | 11,378 | 3,034 | 235 | - | 56,411 |
| Depreciation | - | 886 | 946 | 1,910 | 2,102 | 271 | 36 | 45 | 6,196 |
| Disposals | - | - | (220) | (1,233) | (2,124) | - | (40) | - | (3,617) |
| Reclassification | - | - | (15) | - | 15 | - | - | - | - |
| Effect of movements in exchange rates | - | - | 124 | - | 21 | - | - | - | 145 |
| Balance at December 31, 2022 | $ - | 9,297 | 22,635 | 12,230 | 11,392 | 3,305 | 231 | 45 | 59,135 |

# WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

| | Land | Buildings | Computer equipment | Transportation equipment | Office equipment | Machinery and equipment | Leased equipment | Leasehold improvement | Total |
|---|---|---|---|---|---|---|---|---|---|
| Balance at January 1, 2021 | $ - | - | 18,274 | 10,173 | 5,922 | 2,611 | 150 | - | 37,130 |
| Acquisition through business combination | - | 7,544 | 2,732 | 3,743 | 3,373 | - | - | - | 17,392 |
| Depreciation | - | 584 | 1,052 | 1,695 | 2,109 | 483 | 85 | - | 6,008 |
| Reclassification (note) | - | 283 | - | - | 173 | - | - | - | 456 |
| Disposals | - | - | (288) | (4,058) | (193) | (60) | - | - | (4,599) |
| Effect of movements in exchange rates | - | - | 30 | - | (6) | - | - | - | 24 |
| Balance at December 31, 2021 | **$ -** | **8,411** | **21,800** | **11,553** | **11,378** | **3,034** | **235** | **-** | **56,411** |
| Carrying amounts | | | | | | | | | |
| Balance at December 31, 2022 | **$ 103,224** | **27,157** | **1,500** | **5,806** | **2,637** | **796** | **30** | **498** | **141,648** |
| Balance at December 31, 2021 | **$ 103,224** | **28,043** | **2,241** | **6,293** | **4,392** | **308** | **66** | **-** | **144,567** |

Note: Reclassified from other non-current assets.

Please refer to note 8 for details regarding the Group pledge property, plant and equipment as collateral.

(k) Right-of-use assets

The Group leases building and the information about leases for which the Company as a lessee is presented below:

| | | Buildings |
|---|---|---|
| Cost: | | |
| Balance at January 1, 2022 | $ | 146,733 |
| Additions | | 30,509 |
| Disposals (end of contract and early termination of contract) | | (19,273) |
| Translation effect | | 1,060 |
| Balance at December 31, 2022 | **$** | **159,029** |
| Balance at January 1, 2021 | $ | 107,590 |
| Acquisition through business combination | | 28,784 |
| Additions | | 55,723 |
| Disposals (end of contract) | | (45,529) |
| Translation effect | | 165 |
| Balance at December 31, 2021 | **$** | **146,733** |
| Accumulated depreciation of right-of-use asset: | | |
| Balance at January 1, 2022 | $ | 61,897 |
| Depreciation | | 46,344 |
| Disposals (end of contract and early termination of contract) | | (17,452) |
| Translation effect | | 369 |
| Balance at December 31, 2022 | **$** | **91,158** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

| | | Buildings |
|---|---|---|
| Balance at January 1, 2021 | $ | 59,857 |
| Acquisition through business combination | | 4,573 |
| Depreciation | | 42,999 |
| Disposals (end of contract) | | (45,529) |
| Translation effect | | (3) |
| Balance at December 31, 2021 | $ | **61,897** |
| Carrying amount: | | |
| Balance at December 31, 2022 | $ | **67,871** |
| Balance at December 31, 2021 | $ | **84,836** |

(l) Intangible assets

| | | Goodwill | Customer relationship | Computer software | Total |
|---|---|---|---|---|---|
| Costs: | | | | | |
| Balance at January 1, 2022 | $ | 151,814 | 182,477 | 19,469 | 353,760 |
| Addition | | - | - | 4,311 | 4,311 |
| Disposal | | - | - | (2,399) | (2,399) |
| Translation effect | | 11,169 | 14,814 | - | 25,983 |
| Balance at December 31, 2022 | $ | **162,983** | **197,291** | **21,381** | **381,655** |
| Balance at January 1, 2021 | $ | - | - | 13,882 | 13,882 |
| Acquisition through business combinations | | 152,790 | 183,663 | - | 336,453 |
| Addition | | - | - | 1,689 | 1,689 |
| Reclassification (note) | | - | - | 3,898 | 3,898 |
| Translation effect | | (976) | (1,186) | - | (2,162) |
| Balance at December 31, 2021 | $ | **151,814** | **182,477** | **19,469** | **353,760** |
| Amortization and impairment loss: | | | | | |
| Balance at January 1, 2022 | $ | - | 10,644 | 15,462 | 26,106 |
| Amortization | | - | 19,328 | 4,644 | 23,972 |
| Disposals | | - | - | (2,399) | (2,399) |
| Translation effect | | - | 1,266 | - | 1,266 |
| Balance at December 31, 2022 | $ | **-** | **31,238** | **17,707** | **48,945** |
| Balance at January 1, 2021 | $ | - | - | 11,323 | 11,323 |
| Amortization | | - | 10,705 | 3,255 | 13,960 |
| Reclassification (note) | | - | - | 884 | 884 |
| Translation effect | | - | (61) | - | (61) |
| Balance at December 31, 2021 | $ | **-** | **10,644** | **15,462** | **26,106** |

(Continued)

| | | Goodwill | Customer relationship | Computer software | Total |
|---|---|---|---|---|---|
| Carrying amount: | | | | | |
| Balance at December 31, 2022 | $ | **162,983** | **166,053** | **3,674** | **332,710** |
| Balance at December 31, 2021 | $ | **151,814** | **171,833** | **4,007** | **327,654** |

Note: Reclassified from other non-current assets.

In June 2021, the Group obtained control over PGL by acquiring shares. Goodwill arising from the acquisition is the consideration paid, which included the expected synergy of consolidation. Customer relationships are recognized as intangible assets due to characteristics such as being identifiable, controllable by entities, and able to generate future economic benefits. As of December 31, 2022, the book value of the customer relationship was $166,053 thousand and the remaining useful life was 8.4 years.

As stipulated by IAS 36, goodwill acquired through business combination shall be tested for impairment at least annually. The impairment test for goodwill is to allocate goodwill to CGUs that are expected to benefit from the synergy of combination. The PGL Group itself is a CGU that generates cash flows independently. Therefore, impairment of goodwill is assessed by calculating the PGL Group's value in use and the book value of net assets, so as to determine whether it is necessary to recognize impairment.

The recoverable amount of the cash generating unit is based on value in use. Value in use is discounted based on future cash flows arising from ongoing access to the unit. The value in use (including goodwill) was calculated based on the following key assumptions:

(i) Cash flows are estimated based on past experience, actual operating result, and a 5-year operating scheme. Cash flows after 5 years are forecasted using a growth rate of 0%.

(ii) The Group calculates pre-tax discount rate according to weighted-average cost of capital. As of December 31, 2022, the discount rate was 11.15%.

(m) Short-term loans

The short-term loans of the Group were summarized as follows:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Secured bank loans | $ | 20,000 | - |
| Unsecured bank loans | | 1,188,485 | 922,641 |
| Total | **$** | **1,208,485** | **922,641** |
| Unused credit line | **$** | **3,819,127** | **3,218,895** |
| Range of interest rate (%) | | **1.76~6.87** | **0.70~3.30** |

(i) Please refer to note 9 for details regarding the promissory note issued by the Company as collateral for the loaning limit.◦

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(ii) Please refer to note 8 for details regarding the Group pledge assets as collateral for bank loans as of December 31, 2022. However, the Group did not pledge assets as collateral for bank loans as of December 31, 2021.

(n) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

| | December 31, 2021 | | |
|---|---|---|---|
| | **Guarantee or acceptance institution** | **Range of interest rates (%)** | **Amount** |
| Commercial papers payable | International Bills Finance Corporation | 0.59 | $ 100,000 |
| Less: Discount on short-term notes and bills payable | | | (6) |
| Total | | | **$ 99,994** |

There's no short-term notes and bills payable as of December 31, 2022.

The Group did not pledge assets as collateral for short-term notes and bills payable

(o) Lease liabilities

The amounts of leased liability were as follows:

| | **December 31, 2022** | **December 31, 2021** |
|---|---|---|
| Current | $ 31,748 | 42,292 |
| Non-current | 38,222 | 43,487 |
| Total | **$ 69,970** | **85,779** |

Please refer to note 6(y) for more information on maturity analysis.

The amounts recognized in profit or loss were as follows:

| | **2022** | **2021** |
|---|---|---|
| Interest on lease liabilities | **$ 1,111** | **1,415** |
| Variable lease payments not included in the measurement of lease liabilities | **$ 51,547** | **19,999** |
| Expenses relating to short-term leases | **$ 2,094** | **1,673** |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | **$ 95** | **82** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

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

| | | 2022 | 2021 |
|---|---|---|---|
| Total cash outflow from operating activities | $ | 53,736 | 21,754 |
| Total cash outflow from financing activities- lease principal | | 44,451 | 42,584 |
| Total cash outflow from financing activities- interest expense | | 1,111 | 1,415 |
| Total cash outflow for leases | **$** | **99,298** | **65,753** |

The Group leases buildings for its office space, warehouse and retail stores as of December 31, 2022 and 2021. The lease of office and warehouse typically run for a period of 1 to 5 years and of retail stores for 5 years.

Some leases of warehouses contain variable lease payments that are based on monthly actual usage area of the Group. According to the lease contract, the fixed and variable lease payments for the Group in 2022 were as follows:

| | | 2022 | |
|---|---|---|---|
| | | **Variable payments** | **Estimated annual impact on rent of a 1% increase in actual usage area** |
| Leases with lease payments based on usage area | **$** | **51,547** | **515** |

(p) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligation and plan asset at fair value are as follows:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Present value of the defined benefit obligations | $ | 124,591 | 138,878 |
| Fair value of plan assets | | (54,604) | (44,400) |
| Net defined benefit liabilities | **$** | **69,987** | **94,478** |

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Regarding the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two year time deposits with interest rates offered by local banks.

In accordance with the " Regulations Governing the Custody, Utilization, and Distribution of Employee Pension Funds of Profit-seeking Enterprises", the Group sets aside a pension fund and place it in a special account with a designated financial institution in the form of time or demand deposit. The utilization of the pension fund is completely separate from the Group, and both the principal and interest of the fund shall not be used in any form except for the payments of pension and severance.

The Group' s Bank of Taiwan labor pension reserve account balance amounted to $54,273 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Group were as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Defined benefit obligation at January 1 | $ | 138,878 | 127,552 |
| Current service costs and interest | | 1,314 | 1,379 |
| Remeasurements of the net defined benefit liability | | | |
| －Actuarial gains and losses arising from experience adjustments | | 4,008 | 719 |
| －Actuarial gains and losses arising from changes in financial assumptions | | (17,802) | 11,567 |
| Benefits paid by the plan | | (1,807) | (2,339) |
| Defined benefit obligation at December 31 | **$** | **124,591** | **138,878** |

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Fair value of plan assets at January 1 | $ | 44,400 | 39,271 |
| Interest revenue | | 297 | 264 |
| Remeasurements loss | | | |
| —Actuarial loss (current interest excluded) | | 2,851 | 357 |
| Amount allocated to the plan | | 8,863 | 6,847 |
| Benefits paid | | (1,807) | (2,339) |
| Fair value of plan assets at December 31 | **$** | **54,604** | **44,400** |

4) Changes in the effect of asset ceiling

The Group had no effect on assets ceiling in the year 2022 and 2021.

5) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Current service costs | $ | 448 | 584 |
| Net interest on the net defined benefit liability | | 569 | 531 |
| | **$** | **1,017** | **1,115** |

6) Remeasurements of the net defined benefit liability recognized under other comprehensive income

The Group's remeasurements of the net defined benefit liability recognized in other comprehensive income were as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Cumulative amount at January 1 | $ | (65,846) | (53,917) |
| Current period recognition | | 16,645 | (11,929) |
| Cumulative amount at December 31 | **$** | **(49,201)** | **(65,846)** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

7) Actuarial assumptions

Assumptions used on calculating the present value of the defined benefit obligation as of December 31, 2022 and 2021 were as follow:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Discount rate | 1.750 % | 0.625 % |
| Future salary increases | 3.500 % | 3.500 % |

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $7,200 thousand.

The weighted average duration of the defined benefit plan is 14.23 years.

8) Sensitivity analysis

As of December 31, 2022 and 2021, the effect of changes in actuarial assumption on the present value of the defined benefit obligation was as follows:

| | The effect of defined benefit obligation | |
|---|---|---|
| | Increase 0.25% | Decrease 0.25% |
| At December 31, 2022 | | |
| Discount rate | (3,565) | 3,707 |
| Future salary adjustment rate | 3,571 | 3,454 |
| At December 31, 2021 | | |
| Discount rate | (4,454) | 4,639 |
| Future salary adjustment rate | 4,435 | (4,283) |

The above sensitivity analysis is analyzed based on the effect of changes in single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for sensitivity analysis and calculation of net pension liability is the same. The method and assumptions used to carry out the sensitivity analysis is the same as in the prior year.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

According to the deifned contribution plans policy of the Company and its subsidiaries, the reported pension expense were as follows:

| | 2022 | 2021 |
|---|---|---|
| Operating expense | $ **13,623** | **11,693** |

The Group's pension expense under the defined contribution method were $4,260 thousand and $1,770 thousand for 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

(q) Income taxes

(i) Income tax expense of the Group for 2022 and 2021 was as follows:

| | 2022 | 2021 |
|---|---|---|
| Current tax expense (benefit) | | |
| Current period | $ 98,771 | 74,593 |
| Adjustments for prior year | (348) | (11,007) |
| Additional tax on undistributed earnings | 117 | 161 |
| | 98,540 | 63,747 |
| Deferred tax expense (benefit) | | |
| Occurrence and reversal of temporary differences | 3,126 | (11,855) |
| Income tax expense | $ **101,666** | **51,892** |

Income tax (benefit) recognized under other comprehensive income for 2022 and 2021 was as follows:

| | 2022 | 2021 |
|---|---|---|
| Items that will not reclassified into profit and loss | | |
| Remeasurements of defined benefit liability | $ **3,329** | **(2,386)** |
| Items that will reclassified into profit and loss | | |
| Exchange differences on translation | $ **680** | **-** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

Reconciliation of income tax and profit before tax for 2022 and 2021 is as follows:

| | 2022 | 2021 |
|---|---|---|
| Profit before income tax | $ **543,116** | **412,085** |
| Income tax calculated by a statutory tax rate applied by subsidiaries | $ 108,623 | 82,417 |
| Effect of tax rates in foreign jurisdiction | 6,831 | (1,221) |
| Underestimation of deferred tax assets in previous years | - | (1,993) |
| Underestimation of deferred tax liabilities in previous year | - | 74 |
| Effect of non-deductible amounts | 174 | 91 |
| Gains on investment | (15,703) | (12,722) |
| Prior year tax adjustment | (348) | (11,007) |
| Additional tax on undistributed earnings | 117 | 161 |
| Effect of unrecognized temporary differences on deferred income tax assets | 888 | - |
| Current-year losses for which no deferred tax asset was recognized | 1,825 | - |
| Usage of tax loss carryforward | - | (3,965) |
| Other | (741) | 57 |
| Total | $ **101,666** | **51,892** |

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deductible temporary difference and tax losses in relation to unrecognized deferred income tax assets. As of December 31, 2022, deductible temporary difference and tax losses in relation to unrecognized deferred tax assets amounted to $9,394 thousand and $7,299 thousand, respectively. As of December 31, 2021, the Company did not recognize any deductible temporary difference and tax losses.

In accordance with the P.R.C. Enterprise Income Tax Law, tax losses of PST, a subsidiary of the Company, may be carried forward to subsequent years and recovered using income generated during subsequent years. However, the carry forward period shall not be longer than 5 years. Deferred tax assets have not been recognized in respect of the aforementioned tax losses because it is not probable that future taxable profit will be available against which PST can utilize the benefits therefrom.

The Group's estimated unused loss carry-forwards are not recognized ended at December 31, 2022, deduction period were as follows:

| Year of loss | Unused amount | Year of expiry |
|---|---|---|
| 2022 | $ **7,299** | 2027 |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

2) Recognized deferred tax assets and liabilities

Changes in deferred tax assets and liabilities in 2022 and 2021,respectively, are as follows:

Deferred tax assets

| | Defined Benefit Plans | Provision for inventories write-down | Others | Total |
|---|---|---|---|---|
| **Balance at January 1, 2022** | $ 19,508 | 28,432 | 11,818 | 59,758 |
| Recognized in profit (loss) | (2,182) | 4,345 | 3,105 | 5,268 |
| Recognised in other comprehensive income (loss) | (3,329) | - | - | (3,329) |
| Effect in exchange rate | - | 104 | 250 | 354 |
| **Balance at December 31, 2022** | **$ 13,997** | **32,881** | **15,173** | **62,051** |
| **Balance at January 1, 2021** | $ 18,268 | 21,302 | 8,185 | 47,755 |
| Recognized in profit (loss) | (1,146) | 7,142 | 3,660 | 9,656 |
| Recognised in other comprehensive income | 2,386 | - | - | 2,386 |
| Effect in exchange rate | - | (12) | (27) | (39) |
| **Balance at December 31, 2021** | **$ 19,508** | **28,432** | **11,818** | **59,758** |

Deferred tax liabilities:

| | Gain on foreign exchange | Unrealized gain | Share of profit of accociates | Deferred revenue | Exchange differences on translation | Others | Total |
|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2022** | $ 204 | - | - | - | - | 735 | 939 |
| Recognized in profit | 1,314 | 1,025 | 4,693 | - | - | 1,362 | 8,394 |
| Recognized in other comprehensive income | - | - | - | - | 680 | - | 680 |
| Effect in exchange rate | - | - | - | - | - | 29 | 29 |
| **Balance at December 31, 2022** | **$ 1,518** | **1,025** | **4,693** | | **680** | **2,126** | **10,042** |
| **Balance at January 1, 2021** | $ 225 | - | - | 1,332 | - | 612 | 2,169 |
| Acquisition through business combination | 835 | - | - | - | - | 134 | 969 |
| Recognized in profit (loss) | (856) | - | - | (1,332) | - | (11) | (2,199) |
| **Balance at December 31, 2021** | **$ 204** | **-** | **-** | **-** | **-** | **735** | **939** |

(iii) Examination and approval

The Company and its subsidiaries－WELL, PBT and PAM’s tax returns for the year through 2020 were assessed by the Taipei National Tax Administration.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(r) Other payable

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Salary payable | $ 110,000 | 125,189 |
| Marketing expenses | 418,015 | 406,403 |
| Royalties payable | 10,633 | 20,372 |
| Freight payable | 33,258 | 40,061 |
| Wages payable | 6,066 | 4,929 |
| Employees' and directors' remuneration | 58,035 | 45,817 |
| Account payable for financing | - | 55,380 |
| Others | 98,966 | 69,829 |
| Total | **$ 734,973** | **767,980** |

The Group borrowed USD 2,000 thousand from non financing institution for short term funding purposes as of December 31, 2021, with an interest rate of 3.50%. The aforementioned borrowings are unsecured.

(s) Share capital and other equity

(i) Issuance of ordinary shares

As of December 31, 2022 and 2021, the total value of authorized ordinary shares each amounted to $1,000,000 thousand, with a par value of $10 per share; and the total ordinary shares issued were 81,581 thousand. All payments have been received as of the reporting date.

Reconciliations of shares outstanding as of December 31, 2022 and 2021 were as follows:

Unit: thousand shares

| | 2022 | 2021 |
|---|---|---|
| Balance on January 1 | 81,581 | 73,748 |
| Issued for cash | - | 7,833 |
| Balance on December 31 | **81,581** | **81,581** |

On December 23, 2020, the Company's Board of Directors resolved to issue 7,833 thousand ordinary shares at par value of $10 before its initial public offering (IPO). As stipulated by the the Company's Articles of Incorporation, it retained 1,174 thousand shares, 15% of the aforementioned shares, for subscription by its employees. If employees renounce the share options or elect not to subscribe up to their entitled numbers of shares, the chairperson has the authority to appoint certain persons to subscribe for those shares. On January 12, 2021, the capital increase was approved by the competent authority, and the record date of capital increase was March 29, 2021. The total share payments received amounted to $244,549 thousand, and the difference between the share payments and share capital of $78,330 thousand amounted to $166,219 thousand, which was recognized as capital surplus.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(ii) Capital surplus

The balance of capital surplus was as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Additional paid-in capital stock | $ 597,282 | 597,282 |
| Change in shares in hands of subsidiaries | - | 37 |
| Changes in net equity in associates recognized by the equity method | 12,610 | 11,975 |
| Recognition of premium arising from organizational restructuring of subsidiaries | 19,858 | - |
| | **$ 629,750** | **609,294** |

In 2022, PGL, a subsidiary of the Group, underwent both reorganization and liquidation. In accordance with letter Ji-Mi-Tzu No. 033, the Group recognized the difference of $19,858 thousand, between the exchange difference on translation of foreign financial statements and the previously recognized amount, as capital reserve. In 2022, the Group did not subscribe for shares in subsidiaries in proportion to shareholding, causing changes in ownership interests in subsidiaries. Consequently, the Group wrote down capital surplus by $37 thousand and retained earnings by $32,062 thousand, respectively.

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed by cash based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Retained Earnings

As stipulated by the Company’ s Articles of Incorporation, the Company’ s earnings, if any, shall first be used to pay income taxes and offset prior years’ losses. Of the remaining portion, 10% is to be appropriated as legal reserve, unless the amount of legal reserve has already reached that of total paid-in capital. In addition, the Company shall appropriate or reverse special reserve pursuant to applicable laws and regulations. The remainder, together with the unappropriated earnings from the previous years, may be distributed as dividends to shareholders. The Company shall not distribute both dividend and bonus when there are no earnings, with exceptions allowed only in the case of appropriation from reserves in accordance with laws and regulations.

As the Company is in an industry with rapidly changing business climate and development trends, the Company adopts a residual dividend policy. Dividends are appropriated taking into account mainly future business expansion and cash flow requirements; share dividends and cash dividends are distributed where required. If cash dividends are distributed, they shall take up a minimum of 10% of the total dividends distributed for the year.

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

1) Legal reserve

If the Company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with the rulings issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from current and prior-year earnings. This special reserve shall revert to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2021 and 2020 had been approved during the shareholders' meeting on June 9, 2022 and July 2,2021. The relevant dividend distributions to shareholders were as follows:

| | 2021 | 2020 |
|---|---|---|
| Dividends distributed to ordinary shareholders: | | |
| Cash | $ 261,061 | 163,163 |

On March 15, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings. The relevant dividend distributions to shareholders were as follows:

| | 2021 |
|---|---|
| Dividends distributed to ordinary shareholders: | |
| Cash | $ 285,535 |

The earnings distribution information would be available on the Market Observation Post System.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(iv) Other equity items (net after tax)

| | Exchange differences on translation of foreign financial statements | Unrealized gains from financial assets measured at fair value through other comprehensive income | Remeasurement of defined benefit plans | Total |
|---|---|---|---|---|
| Balance at January 1, 2022 | $ (2,206) | - | (52,676) | (54,882) |
| Foreign exchange differences arising from translation of foreign operations | 868 | - | - | 868 |
| Share of exchange differences of associates accounted for using equity method | 1,481 | - | - | 1,481 |
| Unrealized gains from financial assets measured at fair value through other comprehensive income | - | 309 | - | 309 |
| Remeasurement of defined benefit plans | - | - | 13,316 | 13,316 |
| Balance at December 31, 2022 | **$ 143** | **309** | **(39,360)** | **(38,908)** |
| Balance at January 1, 2021 | $ (267) | 13,811 | (43,133) | (29,589) |
| Foreign exchange differences arising from translation of foreign operations | (1,939) | - | - | (1,939) |
| Unrealized gains from financial assets measured at fair value through other comprehensive income | - | (70,726) | - | (70,726) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | 56,915 | - | 56,915 |
| Remeasurement of defined benefit plans | - | - | (9,543) | (9,543) |
| Balance at December 31, 2021 | **$ (2,206)** | **-** | **(52,676)** | **(54,882)** |

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(t) Share-based payment

The Group's share-based payment transactions for 2022 and 2021 was as follows:

| | PAM－ New shares reserved for employee subscription | The Company－ New shares reserved for employee subscription |
|---|---|---|
| Grant | October 19, 2022 | March 17, 2021 |
| Number of shares granted | 893,100 | 1,174,000 |
| Contract term (year) | 0.016 | 0.0082 |
| Recipients | All employees | All employees |
| Vesting conditions | Immediately vested | Immediately vested |

(i) Determining the fair value of equity instruments granted

The Group used Black Scholes Option Pricing Model method in measuring the fair value of the share-based payment at the grant date as follows:

| | PAM－ New shares reserved for employee subscription | The Company－ New shares reserved for employee subscription |
|---|---|---|
| Fair value at grant date (stock option) | - | 1.60 |
| Exercise price | 43.00 | 25.00 |
| Expected life (years) | 0.0016 | 0.0082 |
| Expected dividend (%) | - | - |
| Risk-free interest rate (%) | 1.325 | 0.35 |

(ii) Details of the employee stock options are as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | PAM | | The Company | |
| | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options |
| Outstanding at January 1 | $ - | - | - | - |
| Granted during the year (number) | 43.00 | 893,000 | 25.00 | 1,174,000 |
| Exercised during the year (number) | 43.00 | (144,000) | 25.00 | (1,062,000) |
| Expired during the year (number) | - | (749,000) | - | (112,000) |
| Outstanding at December 31 | - | - | - | - |
| Exercisable at December 31 | - | - | - | - |

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(iii) Employee expenses

The cash injection for share-based payments to the Group's employees in 2022 and 2021 resulted in the expense of $0 and $1,699 thousand to be recognized, respectively.

(u) Earnings per share

Unit: in thousands shares

| | 2022 | 2021 |
|---|---|---|
| Basic earnings per share: | | |
| Profit attributable to ordinary shareholders of the Company | $ **415,049** | **340,918** |
| Weighted average number of ordinary shares | **81,581** | **79,714** |
| Basic earnings per share (New Taiwan dollars) | $ **5.09** | **4.28** |
| Diluted earnings per share: | | |
| Profit attributable to ordinary shareholders of the Company | $ **415,049** | **340,918** |
| Weighted average number of ordinary shares | 81,581 | 79,714 |
| Potential dilutive effect on common stock | | |
| Influence of employee stock remuneration | 1,575 | 1,130 |
| Weighted average number of ordinary shares (after the adjustment of potential dilutive effect on common stock) | **83,156** | **80,844** |
| Diluted earnings per share (New Taiwan dollars) | $ **4.99** | **4.22** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(v) Revenues from contracts with customers

(i) Disaggregation of revenue

| | 2022 | | | |
|---|---|---|---|---|
| | The Company | PGL Group | Others | Total |
| Primary geographical markets: | | | | |
| Taiwan | $ 17,589,612 | 236,072 | 527,693 | 18,353,377 |
| China | 16,010 | 1,554,603 | - | 1,570,613 |
| Hong Kong | 7,874 | 62,457 | - | 70,331 |
| Vietnam | - | 321,164 | - | 321,164 |
| Thailand | - | 182,619 | - | 182,619 |
| India | - | 284,021 | - | 284,021 |
| Indonesia | - | 57,309 | - | 57,309 |
| USA | 2,340 | 1,647,130 | - | 1,649,470 |
| Canada | - | 164,001 | - | 164,001 |
| Other | 40,307 | 588,782 | - | 629,089 |
| | **$ 17,656,143** | **5,098,158** | **527,693** | **23,281,994** |
| Major products/services lines: | | | | |
| Computer software | $ 3,935,153 | - | - | 3,935,153 |
| System information and digital entertainment products | 13,457,442 | - | 518,680 | 13,976,122 |
| Rubber products | - | 4,162,390 | - | 4,162,390 |
| Plastic products | - | 630,231 | - | 630,231 |
| Other | 263,548 | 305,537 | 9,013 | 578,098 |
| | **$ 17,656,143** | **5,098,158** | **527,693** | **23,281,994** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

| | 2021 | | | |
|---|---|---|---|---|
| | **The Company** | **PGL Group** | **Others** | **Total** |
| Primary geographical markets: | | | | |
| Taiwan | $ 17,507,314 | 181,748 | 403,375 | 18,092,437 |
| China | 21,763 | 980,080 | - | 1,001,843 |
| Vietnam | - | 222,950 | - | 222,950 |
| Korea | 20,875 | 67,963 | - | 88,838 |
| India | - | 128,298 | - | 128,298 |
| Thailand | - | 81,637 | - | 81,637 |
| USA | 6,978 | 918,964 | - | 925,942 |
| Chile | - | 382,649 | - | 382,649 |
| Other | 59,895 | 315,450 | - | 375,345 |
| | **$ 17,616,825** | **3,279,739** | **403,375** | **21,299,939** |
| Major products/services lines: | | | | |
| Computer software | $ 4,162,564 | - | - | 4,162,564 |
| System information and digital entertainment products | 13,189,380 | - | 400,433 | 13,589,813 |
| Rubber products | - | 2,431,586 | - | 2,431,586 |
| Plastic products | - | 748,534 | - | 748,534 |
| Other | 264,881 | 99,619 | 2,942 | 367,442 |
| | **$ 17,616,825** | **3,279,739** | **403,375** | **21,299,939** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(ii) Contract balances

| | December 31, 2022 | December 31, 2021 | January 1, 2021 |
|---|---|---|---|
| Notes receivable | $ 217,385 | 189,321 | 214,057 |
| Accounts receivable | 2,504,458 | 2,425,828 | 1,788,459 |
| Installment receivables | 33,285 | 45,360 | 45,360 |
| Accounts receivable－related parties | 105,599 | 102,365 | 66,509 |
| Long-term receivables | - | 33,285 | 78,645 |
| Less: loss allowance－accounts receivable | (18,722) | (20,392) | (14,611) |
| unrealized interest revenue－installment receivables | (35) | (439) | (988) |
| unrealized interest revenue－long-term receivables | - | (35) | (473) |
| Total | $ 2,841,970 | 2,775,293 | 2,176,958 |
| Contract liabilities | $ 31,448 | 58,311 | 19,291 |

Please refer to note 6(d) for details on notes and accounts receivable and related loss allowance.

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period were $57,374 thousand and $11,630 thousand, respectively.

(w) Employees and directors' remuneration

According to the amendment of the Company's articles of incorporation, a minimum of 2% shall be allocated as employee remuneration and a maximum of 0.8% be allocated as directors' remuneration. However, if the Company has an accumulated deficit (including adjustment of undistributed earnings), the profit should be used to offset the deficit. The aforementioned employee remuneration shall be made by way of cash but may also be made by stock. The recipients of stock 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 accrued its remuneration to employees amounting to $53,000 thousand and $43,500 thousand, respectively, and the remuneration for directors of $3,040 thousand and $2,000 thousand, respectively. The said amounts, which were recognized as operating expenses, were calculated based on pre-tax net profit for each year before deducting the amount of the remuneration to employees, directors and supervisors, multiplied by the proposed distribution ratio of remuneration to employees, directors and supervisors. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distribution for 2022 and 2021.

(x) Non-operating income and expenses

(i) Interest revenue

| | | 2022 | 2021 |
|---|---|---|---|
| Interest arising from bank deposits | $ | 1,237 | 530 |
| Interest income arising from guarantee deposits paid | | 45 | 46 |
| Interest income arising from installment sales | | 439 | 988 |
| | $ | **1,721** | **1,564** |

(ii) Other revenue

| | | 2022 | 2021 |
|---|---|---|---|
| Dividend revenue | $ | - | 34,949 |
| Government grants | | 1,314 | - |
| Income transferred from recovered doubtful debts | | 98 | 1,638 |
| Income transferred from temporary credits of more than 2 years | | 1,407 | 2,107 |
| Revenue arising from insurance claim | | 6,698 | 86 |
| Directors' remuneration | | 666 | 662 |
| Other | | 5,908 | 3,145 |
| | $ | **16,091** | **42,587** |

(iii) Other gains and losses

| | | 2022 | 2021 |
|---|---|---|---|
| Net gains (losses) on foreign exchange | $ | (3,116) | 6,493 |
| Net gains (losses) on financial assets and liabilities measured at fair value through profit and loss | | (18,230) | 5,365 |
| Recognition of Loss on prepayments | | (6,617) | - |
| Gains on disposal of property, plant and equipment | | 357 | 1,570 |
| Loss on disaster | | - | (10,110) |
| Other | | (1,995) | (158) |
| | $ | **(29,601)** | **3,160** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

In July 2021, a fire broke out in the same off site warehouse shared by CRI and PAM, which are the subsidiaries of the Group, causing partial damage to the inventory. The estimated amount of loss due to disaster was $10,110 thousand, which has been fully recognized under other gains and losses for the fiscal year 2021. The Group had taken out the relevant property insurance for the aforementioned inventory and received a total insurance claim revenue of $6,679 thousand in 2022, which has been fully recognized under other income for the fiscal year 2022.

(iv) Financial cost

| | | 2022 | 2021 |
|---|---|---|---|
| Interest expense: | | | |
| Bank loans | $ | 45,378 | 14,803 |
| Lease liabilities | | 1,111 | 1,415 |
| | **$** | **46,489** | **16,218** |

(y) Financial instruments

(i) Credit risk

1) Risk exposure

The carrying amounts of the financial assets represents the maximum amounts exposed to credit risk.

2) Concentration of credit risk

The concentration of credit risk is limited because the Group's customer groups are numerous and unaffiliated.

3) Credit risk of accounts receivable

For information related to credit risk exposure of notes and accounts receivable, please refer to note 6(d) ◦

Please refer to note 6(e) for details of other receivables. As for the financial assets that have low credit risk, the loss allowance recognized during the period is measured at the 12-month expected credit losses. Regarding of the determination of credit risk by the Group, please refer to note 4(g).

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(ii) Liquidity risk

The following table shows the maturity of the financial liabilities including estimated interest:

| | Carrying amount | Contractual cash flows | Less than 1 year | 1-2 years | 2-5years |
|---|---|---|---|---|---|
| **December 31, 2022** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term loans | $ 1,208,485 | 1,224,545 | 1,224,545 | - | - |
| Financial liabilities measured at fair value through profit and loss－current－contingent consideration of business combination | 1,199 | 1,228 | 1,228 | - | - |
| Notes and accounts payable (including related parties) | 2,338,999 | 2,338,999 | 2,338,999 | - | - |
| Other payables (including related parties) | 736,397 | 736,397 | 736,397 | - | - |
| Lease liabilities | 69,970 | 72,287 | 32,879 | 21,469 | 17,939 |
| Guarantee deposits | 30,150 | 31,150 | - | - | 31,150 |
| | 4,385,200 | 4,404,606 | 4,334,048 | 21,469 | 49,089 |
| Derivative financial liabilities | | | | | |
| Interest rate swap and forward exchange contracts | | | | | |
| Inflow | - | (40,262) | (40,262) | - | - |
| Outflow | 2,383 | 42,653 | 42,653 | - | - |
| | 2,383 | 2,391 | 2,391 | - | - |
| | **$ 4,387,583** | **4,406,997** | **4,336,439** | **21,469** | **49,089** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

| December 31, 2021 | Carrying amount | Contractual cash flows | Less than 1 year | 1-2 years | 2-5years |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Short-term loans | $ 922,641 | 925,922 | 925,922 | - | - |
| Short-term notes and bills payable | 99,994 | 100,000 | 100,000 | - | - |
| Financial liabilities measured at fair value through profit and loss (including current and non-current)－contingent consideration of business combination | 35,758 | 39,075 | 35,415 | 3,660 | - |
| Notes and accounts payable (including related parties) | 2,328,330 | 2,328,330 | 2,328,330 | - | - |
| Other payables (including related parties) | 769,297 | 769,297 | 769,297 | - | - |
| Lease liabilities | 85,779 | 88,191 | 43,533 | 25,484 | 19,174 |
| Guarantee deposits | 30,150 | 30,150 | - | - | 30,150 |
| | 4,271,949 | 4,280,965 | 4,202,497 | 29,144 | 49,324 |
| Derivative financial liabilities | | | | | |
| Interest rate swap contracts | | | | | |
| Inflow | - | (82,800) | (82,800) | - | - |
| Outflow | 77 | 82,877 | 82,877 | - | - |
| | 77 | 77 | 77 | - | - |
| | **$ 4,272,026** | **4,281,042** | **4,202,574** | **29,144** | **49,324** |

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

(iii) Currency risk

1) Currency risk exposure

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

| | **December 31, 2022** | | | **December 31, 2021** | | |
|---|---|---|---|---|---|---|
| | **Foreign currency** | **Exchange rate** | **Amount** | **Foreign currency** | **Exchange rate** | **Amount** |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD | $ 13,125 | 30.7100 | 403,069 | 23,828 | 27.6900 | 659,786 |
| EUR | 1,324 | 32.8700 | 43,527 | 711 | 31.4800 | 22,394 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD | 14,484 | 30.7100 | 444,765 | 21,744 | 27.6900 | 602,093 |
| | 600 | 22.9200 | 13,762 | 506 | 20.5300 | 10,383 |

(Continued)

2) Sensitivity analysis

The Group’ s exposure to foreign currency risk arises from the translation of the non-monetary items exchange gains and losses on cash and cash equivalents, trade receivables, notes and other receivables(payables), that are denominated in foreign currency.

A 1.00% weakening of the TWD against the USD, EUR and SGD as of December 31, 2022 and 2021, would have decreased the net profit before tax for the years ended December 31, 2022 by $119 thousand and increased by $697 thousand for the year ended December 31, 2021. The analysis is performed on the same basis.

3) Foreign exchange gain and loss on monetary items

Due to the numerous types of functional currencies of the Group, the Group discloses its exchange gains and losses of monetary items aggregately. The Group's exchange gains (losses), including realized and unrealized, were $(3,116) thousand and $6,493 thousand for the years ended December 31, 2022 and 2021, respectively.

(iv) Market risk

Please refer to note 6(e)- Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions, for details on the price changes of the Level 3 equity securities.

(v) Interest rate risk

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding financial instruments with variable interest rates, the analysis is based on the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1% basis points, the Group’s net income before tax would have decreased by $6,355 thousand for the fiscal year 2022 and increased by $5,050 thousand for the fiscal year 2021 with all other variable factors remaining constant which is mainly due to the Group’s borrowing at variable rates.

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(vi) Fair value information

1) Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | **Amount** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial assets at fair value through other comprehensive income | | | | | |
| Unquoted equity instruments measured at fair value | $ 22,719 | - | - | 22,719 | 22,719 |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | 579,668 | - | - | - | - |
| Notes receivables and accounts receivables (including related parties) | 2,841,970 | - | - | - | - |
| Other receivables | 15,330 | - | - | - | - |
| Refundable deposits | 31,970 | - | - | - | - |
| Subtotal | 3,468,938 | - | - | - | - |
| Total | **$ 3,491,657** | **-** | **-** | **22,719** | **22,719** |
| Financial liabilities at fair value through profit or loss | | | | | |
| Derivative financial liabilities | $ 2,383 | - | 2,383 | - | 2,383 |
| Non-derivative financial liabilities | 1,199 | - | - | 1,199 | 1,199 |
| Subtotal | 3,582 | - | 2,383 | 1,199 | 3,582 |

## WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Amount | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities measured at amortized cost | | | | | |
| Bank loan | $ 1,208,485 | - | - | - | - |
| Note payable and accounts payable (including related parties) | 2,338,999 | - | - | - | - |
| Other payables (including related parties) | 736,397 | - | - | - | - |
| Lease liabilities | 69,970 | - | - | - | - |
| Guarantee deposits | 30,150 | - | - | - | - |
| Subtotal | 4,384,001 | - | - | - | - |
| Total | **$ 4,387,583** | **-** | **2,383** | **1,199** | **3,582** |

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | | |
| Derivative financial assets－current | $ 261 | - | 261 | - | 261 |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | 483,068 | - | - | - | - |
| Notes receivables and accounts receivables (including related parties) | 2,742,043 | - | - | - | - |
| Other receivables | 5,093 | - | - | - | - |
| Other financial assets-current | 5,538 | - | - | - | - |
| Refundable deposits | 18,352 | - | - | - | - |
| Long-term receivables | 33,250 | - | - | - | - |
| Subtotal | 3,287,344 | - | - | - | - |
| Total | **$ 3,287,605** | **-** | **261** | **-** | **261** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | **Amount** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial liabilities at fair value through profit or loss | | | | | |
| Derivative financial liabilities | $ 77 | - | 77 | - | 77 |
| Non-derivative financial liabilities (current and non-current) | 35,758 | - | - | 35,758 | 35,758 |
| Subtotal | 35,835 | - | 77 | 35,758 | 35,835 |
| Financial liabilities measured at amortized cost | | | | | |
| Bank loans | 922,641 | - | - | - | - |
| Short-term notes and bills payable | 99,994 | - | - | - | - |
| Note payable and accounts payable (including related parties) | 2,328,330 | - | - | - | - |
| Other payables (including related parties) | 769,297 | - | - | - | - |
| Lease liabilities | 85,779 | - | - | - | - |
| Guarantee deposits | 30,150 | - | - | - | - |
| Subtotal | 4,236,191 | - | - | - | - |
| Total | **$ 4,272,026** | **-** | **77** | **35,758** | **35,835** |

There's no financial assets and liabilities being transferred to another fair value level in the year 2022 and 2021.

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

The fair values of the Group's financial instruments without an active market are estimated using the company approach. The main assumption of the company approach is measurement based on the multiplier of P/E ratio derived from both the investee's profit after tax and quoted market prices of comparable publicly quoted entities. The estimate has been adjusted for the discount on equity securities arising from lack of liquidity.

## WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES
### Notes to the Consolidated Financial Statements

b) Derivative financial instruments

The valuation of forward exchange and interest rate swap contracts are usually based on forward exchange rate.

3) Reconciliation of level 3 fair values

| Financial assets measured at fair value through other comprehensive income | Unquoted equity instruments |
|---|---|
| Balance at January 1, 2022 | $ - |
| Total gains and losses | |
| Recognized in other comprehensive income | 309 |
| Purchased | 22,410 |
| Balance at December 31, 2022 | **$ 22,719** |
| Balance at January 1, 2021 | $ 166,794 |
| Total gains and losses | |
| Recognized in other comprehensive income | (70,726) |
| Excluded due to acquisition | (96,068) |
| Balance at December 31, 2021 | **$ -** |

| Financial liabilities measured at fair value through profit or loss | Contingent consideration arising from acquisition |
|---|---|
| Balance at January 1, 2022 | $ 35,758 |
| Total gains and losses | |
| Recognized in other comprehensive income | 2,976 |
| Settlement | (37,535) |
| Balance at December 31, 2022 | **$ 1,199** |
| Balance at January 1, 2021 | $ - |
| Additions | 35,758 |
| Balance at December 31, 2021 | **$ 35,758** |

4) Quantified information on significant unobservable inputs (level 3) used in fair value measurements

The Group uses level 3 inputs to measure fair value include "financial assets measured through other comprehensive income" and "financial liabilities measured at fair value through profit and loss".

Investment in equity instruments and contingent consideration arising from business combination without an active market contains multiple significant unobservable inputs which are not interrelated since they are independent of one another.

(Continued)

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

Quantified information of significant unobservable inputs was as follows:

| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income-Investment in equity instruments without active market | Regulations which is analogous to listed or OTC companies | • The multiplier of price-to-earnings ratio (December 31, 2022 was 11.10) | • The higher the multiplier, the higher the fair value |
| | | • The multiplier of price-to-book ratio (December 31, 2022 was 1.71) | • The higher the multiplier, the higher the fair value |
| | | • Discount for lack of marketability (December 31, 2022 was 40%) | • The higher the discount for lack of marketability, the lower the fair value |
| Financial assets at FVTPL–contingent consideration of businesses combination | Discounted Cash Flow Method | • Discount rate (10.10% as of December 31, 2022 and 2021) | • The lower the risk-adjusted discount rate,the higher the fair value |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

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

The fair value of the financial instruments of the Company were being measured rationally. However, if a different valuation model or parameter is used, it may result in a different outcome. In regards of the financial instruments classified as Level 3, when there is a change in the valuation parameter, the effects on other comprehensive income were shown below:

| Financial assets measured at fair value through comprehensive income | Input | Upwards or downwards movement | Changes in fair value that reflects on other comprehensive income: favorable | Changes in fair value that reflects on other comprehensive income: unfavorable |
|---|---|---|---|---|
| Investment in equity instruments without active market: | | | | |
| Balance at December 31, 2022 | multiplier of price-to-earnings ratio and price-to-book value ratio of stock | 5% | 1,136 | (1,136) |

| Financial assets measured at fair value through profit or loss | Input | Upwards or downwards movement | Changes in fair value that reflects on profit or loss: favorable | Changes in fair value that reflects on profit or loss: unfavorable |
|---|---|---|---|---|
| Contingent consideration arising from acquisition | | | | |
| Balance at December 31, 2022 | Discount rate | 5% | 1 | (1) |
| Balance at December 31, 2021 | Discount rate | 5% | 28 | (83) |

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.

(Continued)

(z) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks

(ii) Structure of risk management

The Board of Directors is responsible for developing and monitoring the Group' s risk management policies. Risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor compliance with the risk and risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group' s management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake reviews of risk management controls and procedures, and the results of which are reported to the Board of Directors on a regular basis.

(iii) 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 financial assets which are transaction of derivative instruments, receivables from customers and other receivables.

1) Trade and other receivables

As a distributor of information electronics consumer products, the Group has a broad customer base. As of December 31, 2022 and 2021, the balances of the Group' s notes and accounts receivable were not concentrated within few customers, hence no significant concentration of credit risk associated with accounts receivable. The Group has formulated policies on granting of credit lines, with an aim to determine credit lines for customers respectively after carrying out credit analysis for them. In addition, the Group continues to assess customers' financial position and mitigate credit risk through insurance.

2) Transaction of derivative instruments

The transaction parties of deposits and derivative financial instruments of the Group are banks with good credit, which do not give rise to significant credit risk.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

3) Guarantee

For guarantees and endorsements for other parties, please refer to note 13。

(iv) 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 manages liquidity risk by monitoring regularly the current and mid- to long-term capital requirement and maintaining adequate cash and cash equivalents as well as banking facilities. As of December 31, 2022 and 2021, the unused credit lines amounted to $3,819,127 thousand and $3,218,895 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, and will affect the Group' s income or the value of its 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 utilizes derivative financial instruments to manage market risks and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Board of Directors.

1) Currency risk

The Group is exposed to currency risk arising from purchases denominated in currencies other than the Group' s functional currencies, and the primary functional currency is USD. The Group's hedge strategy is to enter into foreign currency forward contracts and cross currency swap contracts. These financial instruments reduce, but do not eliminate, the impact of movements in exchange rate.

2) Interest rate risk

The interest rate risk associated with the Group primarily arises from loaning with variable rates. The management team of the Group periodically reviews interest rate fluctuations and, depending on the financial situation, proactively repays loans to manage the interest rate risk.

3) Other price risks

The Group' s non-current financial assets at FVTPL refer to shares in foreign unlisted entities measured at fair value, exposing the Group to the risk of changes in the market price of equity securities. To manage market risk, the Group selects investment targets discreetly and controls the portions held.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(aa) Capital management

In consideration of industry dynamics and future developments, as well as external environment factors, the Group makes plans to meet the requirements of working capital, capital expenditure, dividend expenditure, as well as ensures that the Group is able to continue as a going concern, reward shareholders and protect the interests of other stakeholders, with a view to maintaining an optimal capital structure to enhance shareholders' value on a long-term basis. The Group monitors capital through periodical review of debt-to-equity ratio. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity.

The Group's debt-to-equity ratio at the end of the reporting period as of December 31,2022 and 2021, are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Total liabilities | $ 4,593,036 | 4,524,216 |
| Less: Cash and cash equivalents | (579,668) | (483,068) |
| Net liabilities | **$ 4,013,368** | **4,041,148** |
| Total equity | **$ 2,283,194** | **2,043,026** |
| Debt-to-equity ratio | **175.78 %** | **197.80 %** |

(ab) Non-cash investing and financing activities

The non-cash transaction investments and financing activities of the Group were acquisitions of right-to-use assets through leasing arrangements in the fiscal year of 2022 and 2021. Please refer to notes 6(k) and (o) for details.

Reconciliation of liabilities arising from financing activities of the Group as of December 31,2022 and 2021 were as follows:

| | | | Non-cash movements | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **January 1, 2022** | **Cash flows** | **Acquisition** | **Addition** | **Deduction** | **Changes in rates** | **Changes in fair value** | **December 31, 2022** |
| Short-term loans | $ 922,641 | 285,844 | - | - | - | - | - | 1,208,485 |
| Short-term notes and bills payables | 99,994 | (99,994) | - | - | - | - | - | - |
| Lease liabilities | 85,779 | (44,451) | - | 30,509 | (1,867) | - | - | 69,970 |
| Total liabilities from financing activities | **$ 1,108,414** | **141,399** | **-** | **30,509** | **(1,867)** | **-** | **-** | **1,278,455** |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

| | January 1, 2021 | Cash flows | Non-cash movements: Addition | Deduction | Changes in rates | Changes in fair value | December 31, 2021 |
|---|---|---|---|---|---|---|---|
| Short-term loans | $ 560,000 | (464,593) | 827,234 | - | - | - | 922,641 |
| Short-term notes and bills payable | 99,883 | 111 | - | - | - | - | 99,994 |
| Lease liabilities | 48,147 | (42,584) | 24,503 | 55,723 | (10) | - | 85,779 |
| Total liabilities from financing activities | $ 708,030 | (507,066) | 851,737 | 55,723 | (10) | - | 1,108,414 |

## (7) Related-party transactions

(a) Parent Company and ultimate controlling party

Acer Incorporated is both the parent company and the ultimate controlling party of the Groupand its subsidiaries who owns 58.92% of all shares outstanding of the Company as of December 31, 2022.

(b) Names and relationship with related parties

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

| Name of related party | Relationship with the Group |
|---|---|
| Acer Incorporated (Acer) | The parent company |
| Piovision International Inc. (HPT) | Associate |
| Antung Trading Corporation | Associate |
| Acer Synergy Tech Corp. (AST) | Other related party (subsidiary of Acer) |
| Acer Gaming Inc. (AGM) | Other related party (subsidiary of Acer) |
| Acer e-Enabling Service Business Inc. (AEB) | Other related party (subsidiary of Acer) |
| Acer Cyber Security Incorporated (ACSI) | Other related party (subsidiary of Acer) |
| Acer ITS Inc. (ITS) | Other related party (subsidiary of Acer) |
| Acer e-Enabling Data Center Incorporated (EDC) | Other related party (subsidiary of Acer) |
| Acer Being Communication Inc. (ABC) | Other related party (subsidiary of Acer) |
| Acer Beverage Inc. (ABI) | Other related party (subsidiary of Acer) |
| ISU Service Corp. (ISU) | Other related party (subsidiary of Acer) |
| Altos Computing Inc. (ALT) | Other related party (subsidiary of Acer) |
| AOPEN Inc. (AOI) | Other related party (subsidiary of Acer) |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

| Name of related party | Relationship with the Group |
|---|---|
| Acer Gadget Inc. (AGT) | Other related party (subsidiary of Acer) |
| Aopen SmartVision Incorporated (AOSV) | Other related party (subsidiary of Acer) |
| Aspire Service & Development Inc. (ASDI) | Other related party (subsidiary of Acer) |
| Highpoint Service Network Corporation (HSNC) | Other related party (subsidiary of Acer) |
| Keypack Technology Corporation Limited (KTI) | Other related party (subsidiary of Acer) |
| Smart Frequency Technology Inc. (SFT) | Other related party (associate of Acer) |
| ECOM Software Inc. (ECS) | Other related party (associate of Acer) |
| Mu-Jin Investments Co., Ltd. | Same chairman with the Company |
| Mu-Shi Investment Co., Ltd. | Same chairman with the Company |

(c) Significant transactions with related parties

(i) Sales

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

| | 2022 | 2021 |
|---|---|---|
| Parent company | $ 96,626 | 60,734 |
| Associate | 6,806 | 7,142 |
| Other related parties | 307,948 | 306,783 |
| Total | **$ 411,380** | **374,659** |

The payment terms of sales to subsidiaries are 30 to 60 days; except for some transaction prices agreed by both parties, there is no significant difference from arm’s length transactions. Except for the sales to some related parties, the Group has not sold similar products to other related parties, hence no comparable price of transactions with other customers. The payment terms of the Group’s sales to other related parties and associates are not significantly different from those of arm's length transactions..

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(ii) Purchase

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

| | | 2022 | 2021 |
|---|---|---|---|
| Parent company－Acer | $ | 1,845,817 | 1,667,404 |
| Other related parties | | 33,022 | 4,465 |
| Total | **$** | **1,878,839** | **1,671,869** |

The Group has not purchased products similar to those purchased in the above-mentioned related-party transactions from other suppliers, hence no comparable transaction prices. The payment terms are 45 to 60 days, which were not materially different from arm' s length purchases.

(iii) Operating costs and expenses

The details of payment for management services and purchases to related parties were as follows:

| Account | Relationship | | 2022 | 2021 |
|---|---|---|---|---|
| Operating costs | Parent company | $ | 233 | 336 |
| Operating costs | Other related parties | | 1,395 | 804 |
| | | | 1,628 | 1,140 |
| Operating expenses | Parent company | | 943 | 451 |
| Operating expenses | Other related parties | | 2,930 | 2,766 |
| | | | 3,873 | 3,217 |
| Total | | **$** | **5,501** | **4,357** |

(iv) Leases

The Group leased data center space and related facilities from other related parties, the determination of the rental price is based on area used. In the fiscal year of 2022 and 2021, the Group recognized the amount of $19 thousand and $52 thousand as interest expense, respectively. The Group terminated the contract in advance in July, 2022. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to $0 thousand and $2,591, respectively.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(v) Receivables from Related Parties

The receivables from related parties generated from sales and service rendered were as follows:

| Account | Relationship | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Net accounts receivable－related parties | Parent company | $ 33,769 | - |
| | Associates | 1,127 | - |
| | Other related parties | 70,703 | - |
| | | 105,599 | - |
| Other receivables－related parties | Associates | - | 292 |
| Total | | **$ 105,599** | **292** |

Provision for bad debts of the above-mentioned receivables were not necessary for the Group as of December 31, 2022 and 2021.

(vi) Payables

The amounts of payables to related parties generated from purchases of goods and services were as follows:

| Account | Relationship | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Accounts payable－related parties | Parent company－Acer | $ 262,434 | 144,320 |
| Accounts payable－related parties | Other related parties | 13,078 | 998 |
| | | 275,512 | 145,318 |
| Other payable－related parties | Parent company | 730 | 491 |
| Other payable－related parties | Other related parties | 694 | 826 |
| | | 1,424 | 1,317 |
| Total | | **$ 539,370** | **290,955** |

(vii) Guarantee deposits paid

As of December 31, 2022 and 2021, guarantee deposits paid to the parent company's Repair and Maintenance Center for management of repair and maintenance materials amounted to $100 thousand and $332 thousand, respectively.

(viii) Contract liabilities

Details of prepayments received by the Group generated from sales to related parties were as follow:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Other related parties | $ 329 | - |

(ix) Other

Remunerations received arising form being the director of associate in the year 2022 and 2021 were $666 thousand and $662 thousand, respectively.

(d) Management personnel compensation

Key management personnel compensation comprised:

| | 2022 | 2021 |
|---|---|---|
| Short-term employee benefits | $ 29,308 | 24,313 |
| Post-employment benefits | 457 | 444 |
| Total | $ 29,765 | 24,757 |

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

| Pledged assets | Object | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Other financial assets－current: | | | |
| Restricted bank deposits | Short-term loans | $ - | 5,338 |
| Property, plant, and equipment: | | | |
| Land | Short-term loans | 103,223 | - |
| Buildings | Short-term loans | 17,568 | - |
| Total | | $ 120,791 | 5,338 |

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

**(9) Significant commitments and contingencies:**

(a) As of December 31, 2022 and 2021, the promissory notes issued by the Group to secure short-term credit lines amounted to $6,274,686 thousand and $4,691,133 thousand, respectively. As of both dates, the guarantees provided to suppliers for purchases amounted to $376,000 thousand.

(b) Unused letter of credits established by the Group

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Unused letter of credits established | $ 2,315 | 2,904 |

(c) Unrecognized contractual commitments

In June 2022, the Group entered into a contract to lease offices, and it expected to recognize right-of-use assets and lease liabilities of $94,556 thousand when the lessor made the underlying subject available for use.

**(10) Losses due to major disasters:None**

**(11) Subsequent events:None**

**(12) Other:**

A summary of personnel benefit costs, depreciation, depletion and amortization is as follows:

| Function / Account | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Operating cost | Operating expenses | Total | Operating cost | Operating expenses | Total |
| Personnel benefit costs | | | | | | |
| Salaries | - | 428,341 | 428,341 | - | 405,957 | 405,957 |
| Health insurance | - | 33,765 | 33,765 | - | 27,741 | 27,741 |
| Pension | - | 18,900 | 18,900 | - | 14,578 | 14,578 |
| Other personnel expense | - | 42,005 | 42,005 | - | 24,770 | 24,770 |
| Depreciation | - | 52,540 | 52,540 | - | 49,007 | 49,007 |
| Amortization | - | 23,972 | 23,972 | - | 13,960 | 13,960 |

# WEBLINK INTERNATIONAL INC.
## Notes to Consolidated Interim Financial Statements

**(13) Other disclosures:**

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2022:

(i) Loans to other parties:

| No. | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties 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 (note 1) | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits (note 2) | Maximum limit of fund financing (note 2) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | The Company | PGL | Receivables from related parties | Yes | 84,063 | - | - | 1~1.2 | 2 | - | Operating turnover | - | | - | 202,585 | 810,339 |
| 0 | The Company | PAM | Receivables from related parties | Yes | 74,315 | - | - | 1~1.2 | 2 | - | Operating turnover | - | | - | 202,585 | 810,339 |
| 0 | The Company | CRI | Receivables from related parties | Yes | 190,458 | 153,540 | 153,540 | 1.2~5.5 | 2 | - | Operating turnover | - | | - | 202,585 | 810,339 |
| 1 | PGL | CRI | Receivables from related parties | Yes | 16,945 | - | - | 1.2~1.5 | 2 | - | Operating turnover | - | | - | - (note 3) | - (note 3) |
| 1 | PGL | PAM | Receivables from related parties | Yes | 16,945 | - | - | 1.2~1.5 | 2 | - | Operating turnover | - | | - | - (note 3) | - (note 3) |
| 2 | PAL | CRI | Receivables from related parties | Yes | 9,634 | - | - | 1.2~1.5 | 2 | - | Operating turnover | - | | - | 3,926 | 15,704 |
| 2 | PAL | PAM | Receivables from related parties | Yes | 9,634 | - | - | 1.2~1.5 | 2 | - | Operating turnover | - | | - | 3,926 | 15,704 |
| 2 | PAL | PGL | Receivables from related parties | Yes | 9,634 | - | - | 1.2~1.5 | 2 | - | Operating turnover | - | | - | 3,926 | 15,704 |
| 2 | PAL | PST | Receivables from related parties | Yes | 9,634 | - | - | 1.2~1.5 | 2 | - | Operating turnover | - | | - | 3,926 | 15,704 |

Note 1: The purposes of loans are numbered as follows:

1. For a transaction counterparty, please filled in "1".
2. For an entity with necessary short-term financing requirement, please fill in "2".

Note 2:
1. The aggregate amount of loans to other parties shall not exceed 40% of the Company's net value; the aggregate amount of loans to a subsidiary or associate shall not exceed 10% of the Company's net value.
2. The aggregate amount of loans made by any of the Company's subsidiaries to other parties shall not exceed 40% of that subsidiary's net value; the aggregate amount of loans to a single party shall not exceed 10% of net value that subsidiary's net value.

Note 3: As of December 31, 2022, PGL has been liquidated.

Note 4: The above-mentioned intercompany transactions have been eliminated in the consolidated financial statements.

# WEBLINK INTERNATIONAL INC.
## Notes to Consolidated Interim Financial Statements

(ii) Guarantees and endorsements for other parties:

| No. | Name of guarantor | Counter-party of guarantee and endorsement: Name | Counter-party of guarantee and endorsement: Relationship with the Company (note 1) | 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 for 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 endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | The Company | CRI | 1 | 405,169 | 266,756 | 142,844 | - | - | 7.05 % | 1,012,923 | Y | N | N |
| 0 | The Company | PAM | 1 | 405,169 | 337,333 | 180,935 | - | - | 8.93 % | 1,012,923 | Y | N | N |
| 0 | The Company | PST | 1 | 405,169 | 293,834 | 168,238 | 25,251 | - | 8.30 % | 1,012,923 | Y | N | Y |
| 1 | PGL | CRI | 1 | (note 3) | 9,523 | - | - | - | (note 3) | (note 3) | N | N | N |

Note 1: 1. An entity wherein the Company owned more than 50% voting rights, directly or indirectly.

2. An entity wherein the Company owned at least 90% voting rights, directly or indirectly.

Note 2: The "Regulations Governing Endorsements and Guarantees" of the Company and its subsidiaries were as follows:

1. The aggregate amount of guarantees/endorsements provided for other parties shall not exceed 50% of the net value stated in the most recent financial statements. The guarantees/endorsements provided for a single entity shall not exceed 20% of net value.

2. The aggregate amount guarantees/endorsements provided by the Company and its subsidiaries shall not exceed 50% of the Company's net value stated in the most recent financial statements. The aggregate amount of guarantees/endorsements provided for a single entity shall not exceed 20% of the Company's net value.

Note 3: As of December 31, 2022, PGL has been liquidated.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance: Shares/Units (thousands) | Ending balance: Carrying value | Ending balance: Percentage of ownership (%) | Ending balance: Fair value | Highest: Percentage of ownership (%) | Note |
|---|---|---|---|---|---|---|---|---|---|
| The Company | Stock: Bluechip Infotech Pty Ltd | - | Financial assets measured at fair value through other comprehensive income－non-current | 434 | 22,719 | 7.59 | 22,719 | 434 | |

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock:

Unit: in thousand shares

| Name of company | Category and name of security | Account name | Name of counter-party | Relationship with the company | Beginning Balance: Shares | Beginning Balance: Amount | Purchases: Shares | Purchases: Amount | Sales: Shares | Sales: Price | Sales: Cost | Sales: Gain (loss) on disposal | Ending Balance: Shares | Ending Balance: Amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| The Company | PAM | Investment accounted by equity method | (note 1) | Parent/Subsidiary | - | - | 14,340 | 579,464 (note 1) | - | - | - | - | 14,340 | 591,945 (note 2) |

Note 1: The amount includes both the equity interest acquired through reorganization and the shares subscribed for cash capital increase.

Note 2: The amount includes the share of profits of $53,949 thousand recognized by equity-accounted subsidiaries, exchange differences on translation of foreign financial statements of $867 thousand, amortized customer relationships of $(10,236) thousand, and adjustments of $(32,099) thousand to capital surplus and retained earnings for share subscription not in proportion to shareholding.

(v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding NTD300 million or 20% of the capital stock: None.

# WEBLINK INTERNATIONAL INC.
## Notes to Consolidated Interim Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

| Company name | Counterparty | Nature of relationship (note 2) | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase /Sale | Amount | Percentage of total purchases (sales) (%) | Credit terms (days) | Unit price | Payment terms | Ending balance of notes and accounts receivable (payable) | Percentage of total notes and accounts receivable (payable) (%) | |
| The Company | Acer | Parent company of the Company | Purchases | 1,845,817 | 10.80 % | OA45 | (note 1) | | (262,434) | (11.95)% | |
| The Company | WELL | Subsidiary of the Company | (Sales) | (510,187) | (2.81)% | OA45 | | | 42,376 | 1.76 % | |
| The Company | AEB | Other related parties of the Company | (Sales) | (249,242) | (1.37)% | OA60 | | | 63,638 | 2.64 % | |
| PAM | CRI | Parent/ subsidiary | (Sales) | (876,523) | 40.00 % | OA60 | (Note 2) | | 152,244 | 46.31 % | |

Note 1: The Company has not purchased similar products from other suppliers, hence no comparative transaction prices.

Note 2: Agreed by both parties.

Note 3: The above-mentioned intercompany transactions have been eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

| Name of company | Counter-party | Nature of relationship | Ending balance | Turnover rate | Overdue | | Amounts received in subsequent period (note 2) | Allowance for bad debts |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action taken | | |
| The Company | CRI | Parent/ Subsidiary | 155,325 | - (note 1) | - | | - | - |
| PAM | CRI | Associate | 152,244 | 6.36 | - | | 38,947 | - |

Note 1: Receivables comprise both loans to other parties and interest receivable, and are therefore not applicable.

Note 2: As of March 6, 2023.

Note 3: The above-mentioned intercompany transactions have been eliminated in the consolidated financial statements.

(ix) Information regarding trading in derivative financial instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions: There were no significant transactions.

| No. (note 1) | Name of company | Name of counter-party | Nature of relationship (note 2) | Intercompany transactions | | | |
|---|---|---|---|---|---|---|---|
| | | | | Account name | Amount | Trading terms | Percentage of the consolidated net revenue or total assets |
| 0 | The Company | WELL | 1 | Sales Revenue | 510,187 | No significant different | 2.19% |
| 0 | The Company | CRI | 1 | Other receivables | 155,325 | Agreed by both parties | 2.26% |
| 1 | PAM | CRI | 3 | Sales Revenue | 876,523 | Agreed by both parties | 3.76% |
| 1 | PAM | CRI | 3 | Accounts receivable | 152,224 | Agreed by both parties | 2.21% |

Note 1: Entities are numbered as follows:

1.“0” represents the parent company.

2.Subsidiaries are sequentially numbered starting from “1”.

Note 2: Relationships with transaction counterparties are numbered as follows:

1.Parent and subsidiary.

2.Subsidiary and parent.

3.Associates. ◦

Note 3: Disclosure only covers balance sheet accounts that amounted to more than 1% of the total consolidated assets and comprehensive income statement accounts that amounted to more than 1% of the total consolidated revenues.

Note 4: The above-mentioned intercompany transactions have been eliminated in the consolidated financial statements.

# WEBLINK INTERNATIONAL INC.
## Notes to Consolidated Interim Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022:

(In Thousands of New Taiwan Dollars)

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2022 | | | Highest Percentage of ownership | Net income (losses) of investee | Share of profits/ losses of investee (note 1) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2022 | December 31, 2021 | Shares (thousands) | Percentage of ownership | Carrying value (note 1 ) | | | | |
| The Company | WELL | Taiwan | Retail of household appliances and 3C products | 10,000 | 10,000 | 1,000 | 100.00 | 26,616 | 1,000 | 16,737 | 16,737 | Subsidiary |
| The Company | PBT | Taiwan | Healthcare product distribution and biotechnology services | 750 | 750 | 75 | 75.00 | 704 | 75 | (7) | (6) | Subsidiary |
| The Company | Piovision International Inc. | Taiwan | Software retail and services | 26,820 | 26,820 | 882 | 30.22 | 16,899 | 882 | 9,210 | 2,784 | Associates |
| The Company | Antung Trading Corporation | Taiwan | Agency service, sales, and OEM of components of heavy machinery, automobiles, and motorcycles | 203,052 | 203,052 | 6,000 | 20.00 | 317,502 | 6,000 | 394,843 | 75,730 (note 2) | Associates |
| The Company | PGL | The British Cayman Islands | Investment | - | 337,906 | - | - | - | 2,550 | 64,986 | 27,590 (note 3) | (note 6) |
| The Company | PAM | Taiwan | Trading of rubber and various rubber products | 628,483 | - | 14,340 | 62.53 | 591,945 | 14,340 | 4,486 | (3,736) (note 4) | Subsidiary (notes 6 and 8) |
| PGL | SCL | The British Virgin Islands | Investment | - | 30,888 | - | - | - | 143 | 196 | - | (note 5) |
| PGL | PAL | The British Virgin Islands | Trading of rubber and various rubber products | - | 76,076 | - | - | - | 260 | - | - | (notes 6 and 7) |
| PGL | DCL | Samoa | Investment | - | 21,385 | - | - | - | 650 | - | - | (notes 6 and 7) |
| PGL | CRI | USA | Trading of rubber and various rubber products | - | 3 | - | - | - | 1,000 | - | - | (notes 6 and 7) |
| SCL | PAM | Taiwan | Trading of rubber and various rubber products | - | 30,000 | - | - | - | 3,000 | - | - | (note 5) |
| PAM | PAL | The British Virgin Islands | Trading of rubber and various rubber products | 36,979 | - | 70 | 100.00 | 39,259 | 70 | 16,488 | - | Sub-subsidiary (note 7) |
| PAM | DCL | Samoa | Investment | 135,924 | - | 650 | 100.00 | 123,915 | 650 | (11,221) | - | Sub-subsidiary (note 7) |
| PAM | CRI | USA | Trading of rubber and various rubber products | 99,087 | - | 2,000 | 100.00 | 133,279 | 2,000 | 71,915 | - | Sub-subsidiary (note 7) |
| PAM | PRV | Vietnam | Trading of rubber and various rubber products | 2,880 | 2,880 | - | 100.00 | 2,128 | 2,880 | (652) | - | Sub-subsidiary |

Note 1: Equity-accounted investment gains (losses) and carrying amount, recognized by the investee based on financial statements audited by the parent company's auditors, have been eliminated in the consolidated financial statements. The profits (losses) of sub-subsidiaries have been included in those of subsidiaries. ◦

Note 2: The amount includes investment gains of $78,969 thousand and amortized customer relationships of$(3,239) thousand.

Note 3: The amount includes investment gains of$33,2555 thousand and amortization of customer relationships of$(5,665) thousand.

Note 4: The amount includes investment gains of $835 thousand and amortized customer relationships of $(4,571)thousand.

Note 5: In 2022, SCL was liquidated, and the profits (losses) presented for the current period present those prior to the liquidation.

Note 6: PGL has been liquidated in 2022. The profits (losses) and invest gains (losses) presented for the period represent the amounts recognized for before liquidation.

Note 7: In July 2022, PAM acquired equity interests of 100% in PAL, DCL and CRI by subscribing for new shares issued. The original investment amounts at the end of period represent the carrying amounts of the respective investees on the record dates of the capital increase.

Note 8: After the liquidation of PGL, the Company held equity interest in PAM directly. The original investment amount in PAM at the end of the period represents the carrying amount of the Company's shareholding in PAM on the date of liquidation.

# WEBLINK INTERNATIONAL INC.
## Notes to Consolidated Interim Financial Statements

(c) Information on investment in China:

(i) The names of investees in China, the main businesses and products, and other information:

Unit: in thousands of dollars

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2022 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2022 | Net income (losses) of the investee | Percentage of ownership | Highest Percentage of ownership | Investment income (losses) | Book value | Accumulated remittance of earnings in current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | | |
| PST | Supply Chain integration | 19,960 | 2 | - | - | - | - | (10,743) | 100.00 % | 100 % | (10,743) (note 2) | 120,897 (note 2) | - |

Note 1: There are 3 investment methods:

1.Direct investment in Mainland China.

2.Indirect investment in Mainland China through DCL.

3.Other methods.

Note 2: Equity-accounted investment gains (losses) and carrying amount, recognized by the investee based on financial statements audited by the parent company's auditor s, have been eliminated in the consolidated financial statements.

(ii) Limitation on investment in China:

| Accumulated Investment in Mainland China as of December 31, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---|
| (note) | (note) | (note) |

Note: The amount represents indirect investments in Mainland China as a result of acquiring PGL rather than the Company's direct investment.

(iii) Significant transactions in China: Please refer to note 13(a) Information on significant transactions for details.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(d) Major shareholders:

Unit: share

| Shareholding / Shareholder's Name | Shares | Percentage |
|---|---|---|
| Acer Incorporated (Acer) | 48,073,116 | 58.92 % |

Note: (1) The table shows major shareholders owning more than 5% shares in the Company, with delivered uncertificated/scripless ordinary shares and preference shares combined (including treasury shares) according to calculation made by Taiwan Depository & Clearing Corporation (TDCC) on each quarter's last business day. As a result of different calculation basis, there may be inconsistency between share capital stated in the financial statements and the scripless shares that have actually been delivered.

(2) If the above-mentioned shares have been entrusted, the numbers of shares are disclosed separately according to the sub-accounts opened by the trustees for the trustors. In accordance with the Securities and Exchange Act, significant shareholders reported insider holdings of more than 10% in the Company's total shares, including individual holdings plus entrusted shares whose use was at discretion of the owners. For information on the reported insider holdings, please refer to the website of Public Information Observatory.

(3) Shareholdings are rounded down to 2 decimal places.

**(14) Segment information:**

(a) General information

In June, the Group acquired control over PGL by purchasing shares, hence an additional reportable segment. The Company mainly engages in distribution of computer and communications products, while the PGL Group mainly engages in sales of rubber and related products. During 2022, the Group's subsidiaries underwent a reorganization, and PAM would hold equity interests in PGL's former subsidiaries directly thereafter; please refer to note 4(c) for details. The Group did not adjust reportable segments for the reorganization; instead, it merely renamed the reportable segment as the PAM Group.

The Group's other operating segments mainly engage in sales of computer and communications products, matching of expert services, and rendering of services through customer service platform. During 2022 and 2021, none of these operating segments met the quantitative thresholds for reportable segments.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report which consists of the net operating profit of each segment that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The Group did not allocate income tax expense and unusual profit and loss to the reportable segments. The reportable amount is similar to that in the report used by the chief operating decision maker.

**WEBLINK INTERNATIONAL INC. AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The Group's operating segment information and reconciliation are as follows:

| | 2022 | | | | |
|---|---|---|---|---|---|
| | The Company | PGL Group | Others | Adjustments and eliminations | Total |
| Revenue: | | | | | |
| Revenue from external customers | $ 17,656,143 | 5,098,158 | 527,693 | - | 23,281,994 |
| Revenue from transactions with other operating segments | 510,699 | - | 145 | (510,844) | - |
| Total revenue | **$ 18,166,842** | **5,098,158** | **527,838** | **(510,844)** | **23,281,994** |
| Depreciation and amortization | **$ 40,629** | **30,490** | **5,393** | **-** | **76,512** |
| **Segment's profit or loss** | **$ 375,385** | **129,229** | **18,266** | **-** | **522,880** |

| | 2022 | | | | |
|---|---|---|---|---|---|
| | The Company | PGL Group | Others | Adjustments and eliminations | Total |
| Revenue: | | | | | |
| Revenue from external customers | $ 17,616,825 | 3,279,739 | 403,375 | - | 21,299,939 |
| Revenue from transactions with other operating segments | 357,376 | - | 476 | (357,852) | - |
| Total revenue | **$ 17,974,201** | **3,279,739** | **403,851** | **(357,852)** | **21,299,939** |
| Depreciation and amortization | **$ 39,991** | **17,592** | **5,384** | **-** | **62,967** |
| **Segment's profit or loss** | **$ 245,241** | **59,986** | **12,155** | **-** | **317,382** |

Reconciliation of profit before tax of reportable operating segments and continuing operation segments of the Group were as follows:

| | 2022 | 2021 |
|---|---|---|
| Reportable operation segments' profit or loss | $ 522,880 | 317,382 |
| Non-operating revenues and expenses | 20,236 | 94,703 |
| Profit before tax of continuing operation segments | **$ 543,116** | **412,085** |

| | The Company | PAM/PGL Group (note) | Others | Adjustments and eliminations | Total |
|---|---|---|---|---|---|
| Segment's assets | | | | | |
| December 31, 2022 | **$ 5,515,907** | **2,079,861** | **108,297** | **(827,835)** | **6,876,230** |
| December 31, 2021 | **$ 5,275,549** | **1,899,687** | **140,733** | **(748,727)** | **6,567,242** |
| Segment's liabilities | | | | | |
| December 31, 2022 | **$ 3,490,061** | **1,236,844** | **79,774** | **(213,643)** | **4,593,036** |
| December 31, 2021 | **$ 3,408,059** | **1,390,253** | **122,040** | **(396,136)** | **4,524,216** |

Note: As of December 31, 2022 and 2021, the reportable segments were PAM Group and PGL Group respectively.

(Continued)

(c) Information of revenue and service

Revenue from the external customers of the Group was as follows:

| Products and services | | 2022 | 2021 |
|---|---|---|---|
| Computer software | $ | 3,935,153 | 4,162,564 |
| System information and digital entertainment products | | 13,976,122 | 13,589,813 |
| Rubber products | | 4,162,390 | 2,431,586 |
| Plastic products | | 630,231 | 748,534 |
| Other | | 578,098 | 367,442 |
| Total | **$** | **23,281,994** | **21,299,939** |

(d) Geographic financial information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

For information about revenue from external customers, please refer to note 6(v).

Information on non-current assets were as follows:

| Region | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Taiwan | $ | 517,001 | 537,452 |
| China | | 14,604 | 18,497 |
| America | | 10,624 | 1,108 |
| Total | **$** | **542,229** | **557,057** |

Non-current assets include property, plant and equipment, right-of-use assets and intangible assets while financial instruments, deferred tax assets and refundable deposits were excluded.

(e) Information on major customers

None of the customer of the Group made up of 10% and about of sales in the income statement in the fiscal year of 2022 and 2021.

# Appendix II

# 2022 Parent-Company-Only Financial Statements

Stock Code:6776

# WEBLINK INTERNATIONAL INC.

**Parent Company Only Financial Statements**

**With Independent Auditors' Report**
**For the Years Ended December 31, 2022 and 2021**

**Address:** 2-4F, 39, sec. Chung Hsiao W. Rd. Taipei 100, Taiwan (R.O.C)

**Telephone:** (02)2371-6000

The independent auditors' 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 auditors' report and parent company only financial statements, the Chinese version shall prevail.

# Table of contents

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# Independent Auditors' Report

To the Board of Directors of Weblink International Inc.:

## Opinion

We have audited the financial statements of Weblink International Inc.("the Company"), which comprise the balance sheet as of December 31, 2022 and 2021, the statement of comprehensive income, changes in equity and cash flows for the years then ended, 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 years then ended 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 Accountant 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) "Recognition of Revenue" for accounting policy related to revenue recognition and note 6(t) for the information related to revenue of the financial statements.

#### Description of key audit matter

The Company's operating revenues is the main indicator for investors and management to assess their financial or business performance. Since Weblink International Inc. is a listed company, it has a high risk of misstatement. Therefore, revenue recognition is one of our key audit matters.

**How the matter was addressed in our audit:**

Our audit procedures included:

- Understanding the operation and industry characteristics of the Group and reviewing sales contracts to confirm whether the time point of revenue recognition and accounting treatment were appropriate.
- Assessing and testing the design, and the effectiveness of the internal controls over revenue recognition.
- Performing trend analysis on operating income generated from each top ten customer in current period versus that in latest quarter and last year to assess the occurrence of any significant variation and the rationale for the variation.
- Performing test-of-details on transactions to assess the existence of the transactions and the accuracy of the recognized sales as well as the timing of the recognition.
- Performing sales cut-off test over a period prior and post to the balance sheet date by vouching relevant documents of sales transactions to determine whether the revenue have been recognized in proper period.

**2. Valuation of inventories**

Please refer to note 4(g) "Inventories" for accounting policy related to valuation of inventories, for accounting assumptions and estimation uncertainties of inventories and note 6(f) for information related to impairment of inventories of the consolidated financial statements.

**Description of key audit matter:**

The Company is principally engaged in the distribution and sales of IT consumer products and other products. As a result of rapid technological changes, innovative products may significantly change consumers' needs and shorten products' life cycles. Additionally, intense competition and market saturation lead to the risk of inventory write-down. As of December 31, 2022, the inventory balance of $1,461,790 thousands consisted of 26% of the total assets. Valuation of inventory relies on past experience and future sales forecast, which involved the subjective judgment from the top management. Therefore, the subsequent measurement of inventories was considered to be one of our key audit matters.

**How the matter was addressed in our audit:**

Our audit procedures included:

- Assessing whether provision policies for inventories are applied.
- Assessing the appropriateness of the aging movement by examining the aging analysis of inventories.
- Assessing whether the Company's subsequent measurement of inventories has been evaluated in accordance with the Company's provision policy on a consistent basis.
- Understanding the reasonableness of sales prices adopted by the Company's top management and the changes of the market prices after the reporting date, as well as verifying the sales prices and the calculation of net realizable value by vouching the source documents of samples; then, determining whether the provision for net realizable value has been appropriately valuated.
- For inventories with low turnover, examining the sales after the reporting date and assessing the basis on net realizable value that was adopted to verify the appropriateness of the Company's valuation on provision on obsolete stock.

**Other Matter**

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

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

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

**Auditors' 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 and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 Min-Ju Chao and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2023

**Notes to Readers**

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. 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 auditors' 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 auditors' report and parent company only financial statements, the Chinese version shall prevail.

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

# WEBLINK INTERNATIONAL INC.

## Balance Sheets

## December 31, 2022 and 2021

## (Expressed in Thousands of New Taiwan Dollars)

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** |
| 11xx | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (note 6(a)) | $ 399,228 | 7 | 181,003 | 3 |
| 1110 | Financial assets at fair value through profit or loss—current (note 6(b)) | - | - | 261 | - |
| 1150 | Notes receivable, net (notes 6(d) and (t)) | 190,053 | 3 | 182,278 | 3 |
| 1170 | Accounts receivable, net (notes 6(d) and (t)) | 2,072,031 | 38 | 2,038,191 | 39 |
| 1180 | Accounts receivable—related parties (notes 6(d), (t) and 7) | 148,131 | 3 | 203,251 | 4 |
| 1200 | Other receivables (note 6(e)) | 661 | - | 347 | - |
| 1210 | Other receivables—related parties (notes 6(e) and 7) | 155,325 | 3 | 291,664 | 6 |
| 130X | Inventories (note 6(f)) | 1,461,790 | 26 | 1,561,504 | 30 |
| 1410 | Other current assets | 1,544 | - | 3,957 | - |
| | **Total current assets** | 4,428,763 | 80 | 4,462,456 | 85 |
| 15xx | **Non-current assets:** | | | | |
| 1517 | Financial assets at fair value through other comprehensive income—non-current (note 6(c)) | 22,719 | 1 | - | - |
| 1550 | Investments accounted for using equity method (notes 6(g) and (h)) | 953,666 | 17 | 644,754 | 12 |
| 1600 | Property, plant and equipment (note 6(i)) | 7,986 | - | 9,649 | - |
| 1755 | Right-of-use assets (notes 6(j), (m) and 7) | 23,829 | 1 | 54,479 | 1 |
| 1780 | Intangible assets | 1,707 | - | 1,182 | - |
| 1840 | Deferred tax assets (note 6(o)) | 55,230 | 1 | 56,075 | 1 |
| 1920 | Refundable deposits (note 7) | 22,007 | - | 13,704 | - |
| 1930 | Long-term receivables (notes 6(d) and (t)) | - | - | 33,250 | 1 |
| | **Total non-current assets** | 1,087,144 | 20 | 813,093 | 15 |
| 1xxx | **Total assets** | **$ 5,515,907** | **100** | **5,275,549** | **100** |

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** |
| 21xx | **Current liabilities:** | | | | |
| 2100 | Short-term borrowings (notes 6(k) and 9) | $ 400,000 | 7 | 250,000 | 5 |
| 2110 | Short-term notes and bills payable (note 6(l)) | - | - | 99,994 | 2 |
| 2120 | Financial liabilities at fair value through profit or loss—current (notes 6(b) and (h)) | 3,568 | - | 32,769 | 1 |
| 2130 | Contract liabilities—current (notes 6(t) and 7) | 5,250 | - | 5,737 | - |
| 2150 | Notes payable | 10,301 | - | 7 | - |
| 2170 | Accounts payable | 1,894,573 | 34 | 1,944,936 | 37 |
| 2180 | Accounts payable—related parties (note 7) | 291,298 | 5 | 149,255 | 3 |
| 2200 | Other payables (notes 6(p) and (u)) | 677,814 | 12 | 652,837 | 12 |
| 2220 | Other payables—related parties (note 7) | 1,424 | - | 1,317 | - |
| 2230 | Current tax liabilities | 41,141 | 1 | 47,383 | 1 |
| 2280 | Lease liabilities—current (notes 6(m) and 7) | 19,567 | 1 | 31,832 | - |
| 2365 | Refund liabilities—current | 35,209 | 1 | 36,167 | 1 |
| 2399 | Other current liabilities (note 7) | 498 | - | 1,406 | - |
| | **Total current liabilities** | 3,380,643 | 61 | 3,253,640 | 62 |
| 25xx | **Non-Current liabilities:** | | | | |
| 2503 | Financial liabilities measured at fair value through profit or loss—non-current (notes 6(b) and (h)) | - | - | 3,066 | - |
| 2570 | Deferred tax liabilities (note 6(o)) | 1,678 | - | 612 | - |
| 2580 | Lease liabilities—non-current (notes 6(m) and 7) | 4,555 | - | 23,065 | - |
| 2640 | Defined benefit liabilities—non-current (note 6(n)) | 69,987 | 1 | 94,478 | 2 |
| 2645 | Guarantee deposits received | 30,150 | 1 | 30,150 | 1 |
| 2670 | Other non-current liabilities | 3,048 | - | 3,048 | - |
| | **Total non-current liabilities** | 109,418 | 2 | 154,419 | 3 |
| 2xxx | **Total liabilities** | 3,490,061 | 63 | 3,408,059 | 65 |
| 31xx | **Equity attributable to owners of parent (notes 6(g), (h), (o), (q) and (r)):** | | | | |
| 3110 | Common stock | 815,814 | 15 | 815,814 | 15 |
| 3200 | Capital surplus | 629,750 | 12 | 609,294 | 12 |
| 3300 | Retained earnings: | | | | |
| 3310 | Legal reserve | 179,667 | 3 | 151,267 | 3 |
| 3320 | Special reserve | 54,882 | 1 | 29,588 | - |
| 3350 | Unappropriated retained earnings | 384,641 | 7 | 316,409 | 6 |
| | Total retained earnings | 619,190 | 11 | 497,264 | 9 |
| 3400 | Other equity | (38,908) | (1) | (54,882) | (1) |
| 3xxx | **Total equity** | 2,025,846 | 37 | 1,867,490 | 35 |
| 2-3xx | **Total liabilities and equity** | **$ 5,515,907** | **100** | **5,275,549** | **100** |

See accompanying notes to parent company only financial statements.

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

# WEBLINK INTERNATIONAL INC.

## Statements of Comprehensive Income

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

## (Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

| | | 2022 | | 2021 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4000 | **Operating revenues (notes 6(t) and 7)** | $ 18,166,842 | 100 | 17,974,201 | 100 |
| 5000 | **Operating costs (notes 6(f) and 7)** | 17,199,263 | 95 | 17,141,329 | 95 |
| 5900 | **Gross profit (loss) from operations** | 967,579 | 5 | 832,872 | 5 |
| 5910 | Unrealized losses (profits) from sales | (183) | - | (67) | - |
| | **Gross profit from operations** | 967,762 | 5 | 832,939 | 5 |
| 6000 | **Operating expenses (notes 6(d), (i), (j), (m), (n), (r), (u), 7 and 12):** | | | | |
| 6100 | Selling expenses | 454,910 | 3 | 445,283 | 3 |
| 6200 | Administrative expenses | 137,981 | 1 | 142,964 | 1 |
| 6450 | Reversal gains on expected credit losses | (514) | - | (549) | - |
| | **Total operating expenses** | 592,377 | 4 | 587,698 | 4 |
| 6900 | **Operating income** | 375,385 | 1 | 245,241 | 1 |
| 7000 | **Non-operating income and expenses (notes 6(b), (g), (m), (v) and 7):** | | | | |
| 7100 | Interest income | 4,661 | - | 1,707 | - |
| 7010 | Other income | 5,033 | - | 39,977 | - |
| 7020 | Other gains and losses | (7,949) | - | 12,116 | - |
| 7050 | Finance costs | (8,213) | - | (4,401) | - |
| 7070 | Shares of profits of associates accounted for using equity method | 119,099 | 1 | 93,540 | 1 |
| | **Total non-operating income and expenses** | 112,631 | 1 | 142,939 | 1 |
| 7900 | **Profit from continuing operations before tax** | 488,016 | 2 | 388,180 | 2 |
| 7950 | **Less: Income tax expenses (note 6(o))** | 72,967 | - | 47,262 | - |
| 8200 | **Net profit** | 415,049 | 2 | 340,918 | 2 |
| 8300 | **Other comprehensive income (notes 6(g), (n), (o) and (q)):** | | | | |
| 8310 | **Items that may not be reclassified subsequently to profit or loss:** | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans | 16,645 | - | (11,929) | - |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 309 | - | (70,726) | (1) |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 3,329 | - | (2,386) | - |
| | Total items that will not be reclassified subsequently to profit or loss | 13,625 | - | (80,269) | (1) |
| 8360 | **Items that may be reclassified subsequently to profit and loss:** | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 868 | - | (1,939) | - |
| 8370 | Share of other comprehensive income of associates and joint ventures accounted for using the equity method | 1,481 | - | - | - |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | - | - | - | - |
| | Total items that may be reclassified subsequently to profit and loss | 2,349 | - | (1,939) | - |
| 8300 | **Other comprehensive income (loss)** | 15,974 | - | (82,208) | (1) |
| 8500 | **Total comprehensive income (loss)** | **$ 431,023** | **2** | **258,710** | **1** |
| | **Earnings per share (expressed in New Taiwan dollars) (note 6(s))** | | | | |
| 9750 | Basic earnings per share | **$ 5.09** | | **4.28** | |
| 9850 | Diluted earnings per share | **$ 4.99** | | **4.22** | |

See accompanying notes to parent company only financial statements.

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

**WEBLINK INTERNATIONAL INC.**

**Statements of Changes in Equity**

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

**(Expressed in Thousands of New Taiwan Dollars)**

| | | | Retained earnings | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Total | Exchange differences on translation of foreign financial statements | Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income | Gains (losses) on remeasurements of defined benefit | Total other equity interest | Total equity |
| **Balance at January 1, 2021** | $ 737,484 | 441,893 | 131,844 | 21,169 | 223,411 | 376,424 | (267) | 13,811 | (43,133) | (29,589) | 1,526,212 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 19,423 | - | (19,423) | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 8,419 | (8,419) | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (163,163) | (163,163) | - | - | - | - | (163,163) |
| Profit for the year ended December 31, 2021 | - | - | - | - | 340,918 | 340,918 | - | - | - | - | 340,918 |
| Other comprehensive income | - | - | - | - | - | - | (1,939) | (70,726) | (9,543) | (82,208) | (82,208) |
| Total comprehensive income (loss) | - | - | - | - | 340,918 | 340,918 | (1,939) | (70,726) | (9,543) | (82,208) | 258,710 |
| Issue of shares | 78,330 | 166,219 | - | - | - | - | - | - | - | - | 244,549 |
| Share-based payments | - | 1,699 | - | - | - | - | - | - | - | - | 1,699 |
| Share of changes in equity of associate | - | (517) | - | - | - | - | - | - | - | - | (517) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | (56,915) | (56,915) | - | 56,915 | - | 56,915 | - |
| Balance at December 31, 2021 | 815,814 | 609,294 | 151,267 | 29,588 | 316,409 | 497,264 | (2,206) | - | (52,676) | (54,882) | 1,867,490 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 28,400 | - | (28,400) | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 25,294 | (25,294) | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (261,061) | (261,061) | - | - | - | - | (261,061) |
| Profit for the year ended December 31, 2022 | - | - | - | - | 415,049 | 415,049 | - | - | - | - | 415,049 |
| Other comprehensive income | - | - | - | - | - | - | 2,349 | 309 | 13,316 | 15,974 | 15,974 |
| Total comprehensive income (loss) | - | - | - | - | 415,049 | 415,049 | 2,349 | 309 | 13,316 | 15,974 | 431,023 |
| Share of changes in equity of associate | - | 635 | - | - | - | - | - | - | - | - | 635 |
| Changes in ownership interests in subsidiaries | - | (37) | - | - | (32,062) | (32,062) | - | - | - | - | (32,099) |
| Impact of subsidiary reorganization | - | 19,858 | - | - | - | - | - | - | - | - | 19,858 |
| **Balance at December 31, 2022** | **$ 815,814** | **629,750** | **179,667** | **54,882** | **384,641** | **619,190** | **143** | **309** | **(39,360)** | **(38,908)** | **2,025,846** |

See accompanying notes to parent company only financial statements.

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

**WEBLINK INTERNATIONAL 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 operating activities:** | | |
| **Profit before tax** | $ 488,016 | 388,180 |
| **Adjustments:** | | |
| **Adjustments to reconcile profit:** | | |
| Depreciation expense | 36,944 | 37,228 |
| Amortization expense | 3,685 | 2,763 |
| Gain on reversal of expected credit loss | (514) | (549) |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 19,693 | (184) |
| Interest expense | 8,213 | 4,401 |
| Interest income | (4,661) | (1,707) |
| Dividend income | - | (34,949) |
| Compensation costs of share based payments | - | 1,699 |
| Shares of profits of associates accounted for using equity method | (119,099) | (93,540) |
| Gain on disposal of property, plant and equipment | (76) | (35) |
| Realized profit on sales | (183) | (67) |
| Gain on lease modification | (38) | - |
| **Total adjustments to reconcile profit** | (56,036) | (84,940) |
| **Changes in operating assets and liabilities:** | | |
| **Changes in operating assets:** | | |
| Financial assets at fair value through profit or loss | 261 | 270 |
| Notes receivable | (7,775) | 31,779 |
| Accounts receivable | (31,387) | (223,318) |
| Accounts receivable－related parties | 55,120 | (83,070) |
| Other receivables | (302) | (109) |
| Other receivable－related parties | 393 | 501 |
| Inventories | 99,714 | 244,512 |
| Other current assets | 2,413 | 4,890 |
| Long-term receivables | 33,250 | 44,922 |
| **Total changes in operating assets** | 151,687 | 20,377 |
| **Changes in operating liabilities:** | | |
| Financial liabilities at fair value through profit or loss | (14,425) | - |
| Contract liabilities | (487) | - |
| Notes payable | 10,294 | (108) |
| Accounts payable | (63,217) | 243,670 |
| Accounts payable－related parties | 142,043 | (29,121) |
| Other payables | 22,803 | 201,158 |
| Other payable－related parties | 107 | 605 |
| Refund liabilities | (958) | 2,701 |
| Other current liabilities | (908) | (6,486) |
| Net defined benefit liability | (7,846) | (5,732) |
| **Total changes in operating liabilities** | 87,406 | 406,687 |
| **Total changes in operating assets and liabilities** | 239,093 | 427,064 |
| **Total adjustments** | 183,057 | 342,124 |
| Cash inflow generated from operations | 671,073 | 730,304 |
| Interest received | 3,491 | 1,080 |
| Income taxes paid | (80,627) | (43,257) |
| **Net cash flows from operating activities** | 593,937 | 688,127 |
| **Cash flows from (used in) investing activities:** | | |
| Acquisition of financial assets at fair value through other comprehensive income | (22,410) | - |
| Proceeds from acquisition of subsidiaries | (37,535) | - |
| Proceeds from capital increase of subsidiaries | (244,240) | (184,923) |
| Acquisition of property, plant and equipment | (2,228) | (4,550) |
| Proceeds from disposal of property, plant and equipment | 76 | 35 |
| Decrease (increase) in refundable deposits | (8,303) | 452 |
| Increase in other receivables－related parties | 163,942 | (294,247) |
| Acquisition of intangible assets | (4,210) | (1,405) |
| Dividends received | 45,353 | 61,307 |
| **Net cash flows used in investing activities** | (109,555) | (423,331) |
| **Cash flows from (used in) financing activities:** | | |
| Increase (decrease) in short-term loans | 150,000 | (310,000) |
| Increase (decrease) in short-term notes and bills payable | (99,994) | 111 |
| Increase in guarantee deposits received | - | 400 |
| Payment of lease liabilities | (33,140) | (33,412) |
| Cash dividends paid | (261,061) | (163,163) |
| Proceeds from issuing shares | - | 244,549 |
| Interest paid | (7,909) | (4,434) |
| **Net cash flows from financing activities** | (252,104) | (265,949) |
| **Effect of exchange rate changes on cash and cash equivalents** | (14,053) | (648) |
| **Net increase (decrease) in cash and cash equivalents** | 218,225 | (1,801) |
| **Cash and cash equivalents at beginning of period** | 181,003 | 182,804 |
| **Cash and cash equivalents at end of period** | **$ 399,228** | **181,003** |

See accompanying notes to parent company only financial statements.

**WEBLINK INTERNATIONAL INC.**

**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) Company history**

Weblink International Inc. (the "Company") was incorporated on December 22, 1977 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The address of its registered office is 2-4F, 39, sec. Chung Hsiao W. Rd. Taipei 100, Taiwan (R.O.C.). Since January 6, 2020, the Company has become a public entity with the Taipei Exchange's approval. On March 25, 2020, the Company was listed on the Emerging Stock Board (ESB) of the Taipei Exchange. On March 31, 2021, the Company was listed on the Taiwan Stock Exchange. The Company mainly engages in agency services and sales regarding information electronics products.

**(2) Approval date and procedures of the financial statements:**

The parent company only financial statements were authorized for issuance by the Board of Directors on March 15, 2023.

**(3) New standards, amendments and interpretations 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's adoption of the new amendments, effective for annual period beginning on January 1, 2023, are expected to have the following impacts:

Amendments to IAS 1 "Disclosure of Accounting Policies" , the key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

The Company is continuing on evaluating and reviewing the accounting policies that should be disclosed in the parent company only financial statements to comply with the amendment.

The following amendments are not expected to have a significant impact on the Company's consolidated financial statements.

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

(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:

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|---|
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture" | The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.<br>The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. | Effective date to be determined by 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.<br>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt. | January 1, 2024 |

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

The Company is evaluating the impact of its initial adoption of the above-mentioned standards or interpretations on its parent company only financial position and parent company only financial performance. The results thereof will be disclosed when the Company completes its evaluation.

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:

- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

**(4) Summary of significant accounting policies:**

The significant accounting policies presented in the parent company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

These parent company only 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”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only 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) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(o).

(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company’ s functional currency. All financial information presented in NTD has been rounded to the nearest thousand, unless otherwise stated.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of 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.

Except for the differences in an investment in equity securities designated as at fair value through other comprehensive income which are recognized in other comprehensive income. the foreign currency differences are recognized in profit and loss.

(ii) 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.

(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.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) 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. An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(iv) 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 on hand, demand deposits and checking deposit. 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.

(f) Financial instruments

Trade receivables 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.

(i) 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 or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

2) Fair value through other comprehensive income (FVOCI )

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 (ex-dividend date usually) on which the Company’s right to receive payment is established.

If the Company acquires a previously recognized financial asset at FVOCI by batches, and thus obtained control over it, then the fair value thereof shall be adjusted to the date on which the control is obtained. Besides, unrealized gains (losses) on financial assets at FVOCI shall be accounted for as realized and transferred to retained earnings.

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 Company 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) 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 receivable, trade receivables (includes related-parties), other receivable (includes related-parties), and guarantee deposit paid.

The Company measures loss allowances for notes receivable and trade receivables at an amount equal to lifetime ECL.

The credit risk on bank deposits, other receivables and refundable deposits (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since the original recogniztion, and is measured as an allowance for losses based on the 12-month 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 month 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.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

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 as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Company considers a financial asset to be in default when the financial asset is more than 61 days (91 days for some subsidiaries) past due, or the debtor is unlikely to pay its credit obligations to the Company in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e 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). ECL are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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. 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.

5) 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.

(ii) Financial liabilities and equity instruments

1) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

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.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

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) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. 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.

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes necessary expenditure incurred in bringing them to their present location and condition.

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.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

The parent company only financial statements include the Company'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 Company, from the date on which significant influence commences until the date on which significant influence ceases.

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

When the Company'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 Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investments in subsidiaries

In the preparation of the parent-company-only financial statements, the Company assessed investees over which it had control using the equity method. Under the equity method, the profits (losses) and other comprehensive income stated in the parent-company-only financial statements are identical to the parent company' s share of profits (losses) and other comprehensive income stated in the consolidated financial statements. Besides, ownership interests stated in the parent-company-only financial statements are identical to the parent company' s ownership interests stated in the consolidated financial statements. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Company' s subsidiaries underwent reorganization. In accordance with the FAQs to IFRS 3 "Doubtful Points in Accounting Treatment for Business Combination under Joint Control", such reorganization shall be accounted for as combination from the beginning to restate the comparative financial statements for the prior period. As stipulated by a letter (Ji-Mi-Tzu No. 033) from the Accounting Research and Development Foundation, during reorganization, exchange differences on translation of foreign financial statements shall be transferred along with equity-accounted investments and calculated using the exchange rate at the time of investment.

Due to reorganization of subsidiaries, the Company recognized equity-accounted investments according to the carrying amounts thereof. As stipulated by letter Ji-Mi-Tzu No. 33, such exchange differences on translation of foreign financial statements shall be accounted for as held from the beginning. Besides, the equity interests shall be adjusted in the amount of the difference from the previously recorded amount to recognize or write off capital surplus. If the balance credited to the capital surplus is not sufficient, then retained earnings shall be adjusted.

(j) Property, plant and equipment

(i) 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 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.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

| | | |
|---|---|---|
| 1) | Computer equipment | 3~5 years |
| 2) | Transportation equipment | 2~5 years |
| 3) | Office equipment | 3~5 years |
| 4) | Machinery and equipment | 3~5 years |

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

(k) Lease－as a leasee

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.

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.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

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

— fixed payments, including in-substance fixed payments;

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

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

— 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:

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

— there is a change in the Company' s estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications in terms of lease property, scope of lease or other lease term.

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 properties 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 of warehouse and leases of low-value machinery assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Intangible assets

(i) Computer software

The computer software acquired by the Company is measured at cost, less accumulated amortization and accumulated impairment losses.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(ii) 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.

(iii) 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, from the date that they are available for use.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of 1 to 3 years from the date that they are available for use.

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

(m) Impairment of non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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 cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

(n) Recognition of Revenue

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.

(i) Sale of goods

The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

The Company recognizes revenue based on the price specified in the contract, net of the estimated volume discounts and rebates. Accumulated experience is used to estimate the discounts and rebates using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected sales discounts and rebate payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term ranged from 30 to 90 days, which is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Customer loyalty program

The Company operates a customer loyalty program to its customers. Customers obtain points for purchases made, which entitle them to discount on future purchases. The Company considers that the points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Company has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

(iii) Revenue from service rendered

The Company provides repairment services, IT management and warehousing services for goods sold. Revenue from providing services is recognized in the accounting period in which the services are rendered.

(iv) Interest income arising from installment sales

The Company engages in installment sales. The difference between the prices of installment and lump sum sales are recognized as unrealized interest income. Besides, such income shall be recognized as interest income arising from installment sales over the period of the installment using the interest method. The balance of unrealized interest income is recognized as a reduction from notes and accounts receivable.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(ii) 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 reflected in other 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.

(iii) Short-term employee benefits

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

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an 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 for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the Company notified the employees about the subscription price and the number of shares to be subscribed.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(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 recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(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 (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date.

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

For each business combination, the Company measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest' s proportionate share of the acquiree' s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the Company's net assets in the event of liquidation.

The Company recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Company recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Company obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Company accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(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, such as employee remuneration.

(t) Operating seqments

The Company had disclosed the information of operating segments in the consolidated financial statements. Therefore, if will not be disclosed in the parent company only financial statements.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparing these parent company only financial statements, management has made 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.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

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.

In judging whether the Company had substantive control over the investee, the Company assessed that its accounting policies not only involved material judgment but also had significant influence on the amounts that had been stated in parent-company-only financial statements.

As the single largest shareholder, the Company held 30.22% voting shares in Piovision International Inc. (hereinafter referred to as “Piovision International”). The other 33.90% and 26.30% voting shares were held by the other 2 directors, their spouses, and relatives of the 1st degree.

Consequently, the Company was unable to obtain more than half of Piovision International’ s Board seats and voting rights of shareholders attending a shareholders' meeting. Therefore, the Company determined that it had significant influence over Piovision International.

The assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is the valuation of inventories.

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant chances in the net realizable value of inventories. Please refer to note 6(f) for further description of the valuation of inventories.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Cash | $ | 20 | 20 |
| Time deposits | | 33,779 | - |
| Demand and cheque deposits | | 365,429 | 180,983 |
| | **$** | **399,228** | **181,003** |

Please refer to note 6(w) for the disclosure of interest rate risks and sensitivity analysis of the Groups' financial assets and liabilities.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Financial assets at fair value through profit or loss: | | |
| Non-hedging derivatives instruments-currency swap contracts | $ - | 261 |
| Financial liabilities at fair value through profit or loss —current: | | |
| Non-hedging derivatives instruments-currency swap contracts | $ 2,369 | 77 |
| Contingent consideration in business combination | 1,199 | 32,692 |
| Subtotal | 3,568 | 32,769 |
| Financial liabilities at fair value through profit or loss —non-current: | | |
| Contingent consideration in business combination | - | 3,066 |
| Total | $ 3,568 | 35,835 |

The Company uses derivative financial instruments to hedge the certain foreign exchange risk that the Company is exposed to as a result of its operating activities. The following details of currency swap contracts, without the application of hedge accounting, were classified as financial assets and liabilities measured at fair value through profit or loss:

| December 31, 2022 | | |
|---|---|---|
| **Contract amount (USD in thousand)** | **Currency** | **Maturity period** |
| $ 1,000 | Sold in USD/ buy in NTD | March 24, 2023 |

| December 31, 2021 | | |
|---|---|---|
| **Contract amount (USD in thousand)** | **Currency** | **Maturity period** |
| $ 2,500 | Sold in USD/ buy in NTD | November 1, 2022 |
| $ 3,000 | Sold in USD/ buy in NTD | November 1, 2022 |

In June 2021, the Company acquired control over Protrade Global Limited (hereinafter referred to as "PGL") by acquiring equity interests. The transfer consideration includes contingent consideration, which was recognized at fair value as a financial liability at FVTPL.

Please refer to note 6(v) for the amounts recognized in other gains and losses that resulted from remeasured of fair value.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(c) Financial assets measured of fair value through other comprehensive income－non-current

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Equity investments measured at fair value through other comprehensive income | | |
| Oversea unlisted stock－Bluechip Infotech Pty Ltd (Bluechip) | $ 22,719 | - |

(i) Equity investments at FVOCI

The Group held 7.59% ordinary shares in Bluechip, an entity engaging in sales of computer software and peripherals. With a shareholding of only 7.59% the Company was not the single largest shareholder; therefore, its management clearly proved that it did not have significant influence over Bluechip.

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for the long term strategic purposes.

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

(ii) For information related to market risk, please refer to note 6(w).

(iii) The aforementioned financial assets did not pledge as collateral for loans.

(d) Notes receivable, trade receivables and long-term trade receivables

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Notes receivable | $ 190,053 | 182,278 |
| Accounts receivable | 2,052,216 | 2,007,309 |
| Installment receivables | 33,285 | 45,360 |
| Accounts receivable－related parties | 148,131 | 203,251 |
| Long-term receivable | - | 33,285 |
| Less: loss allowance－accounts receivable | (13,435) | (14,039) |
| Less: unrealized interest revenue－installment receivables | (35) | (439) |
| Less: unrealized interest revenue－long-term receivables | - | (35) |
| | $ 2,410,215 | 2,456,970 |

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

The Company 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, notes receivable, trade receivables and long-term accounts receivable 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. Based on Company's historical credit loss experience, there is no significant difference in the loss patterns among different customer groups. Therefore, the provision matrix does not further differentiate between customer groups.

As of December 31, 2022 and 2021, analysis of expected credit losses on notes receivable, accounts receivable and long-term receivable were as follows:

| | December 31, 2022 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted-average loss rate (%)** | **Loss allowance** |
| Current | $ 2,098,166 | 0.11 | 2,215 |
| Past due 1-30 days | 307,688 | 1.22 | 3,750 |
| Past due 31-60 days | 16,747 | 38.13 | 6,386 |
| Past due over 61 days | 1,084 | 100.00 | 1,084 |
| | **$ 2,423,685** | | **13,435** |

| | December 31, 2022 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted-average loss rate (%)** | **Loss allowance** |
| Current | $ 2,102,168 | 0.16 | 3,294 |
| Past due 1-30 days | 362,354 | 1.32 | 4,785 |
| Past due 31-60 days | 2,597 | 61.45 | 1,596 |
| Past due over 61 days | 4,364 | 100.00 | 4,364 |
| | **$ 2,471,483** | | **14,039** |

Movements of the allowance for notes and accounts receivable were as follows:

| | **2022** | **2021** |
|---|---|---|
| Balance at January 1 | $ 14,039 | 14,588 |
| Reversal gains on expected credit losses | (514) | (549) |
| Amounts written-off | (90) | - |
| Balance at December 31 | **$ 13,435** | **14,039** |

The above-mentioned financial assets were not pledge as collaterals.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(e) Other receivables

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Other receivables | $ 661 | 347 |
| Other receivables－related parties | 155,325 | 291,664 |
| Less: Loss allowance | - | - |
| | **$ 155,986** | **292,011** |

The Group did not have any past due other receivables as of December 31, 2022 and 2021.

For more information on credit risk, please refer to note 6(w).

(f) Inventories

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Goods in stock | $ 1,362,663 | 1,460,811 |
| Space parts | 29,360 | 35,276 |
| Goods in transit | 69,767 | 65,417 |
| | **$ 1,461,790** | **1,561,504** |

Detail of cost of goods sold recognized by the Company were as follows:

| | 2022 | 2021 |
|---|---|---|
| Cost of inventories sold | $ 17,152,210 | 17,073,639 |
| Write-down of inventories | 22,825 | 29,468 |
| Shortage of inventories | - | 29 |
| Cost of maintenance | 24,228 | 38,193 |
| | **$ 17,199,263** | **17,141,329** |

(g) Investments accounted for using equity method

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Subsidiaries | $ 619,265 | 352,530 |
| Associates | 334,401 | 292,224 |
| | **$ 953,666** | **644,754** |

(i) Subsidiaries

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

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(ii) Associates

Investments accounted for using equity method of the Company on the reporting date is as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Associates | $ 334,401 | 292,224 |

1) Associate which is material

| Name of Associates | Nature of Relationship with the Company | Main operating location/ Registered Country of the Company | Proportion of shareholding and voting rights December 31, 2022 | Proportion of shareholding and voting rights December 31, 2021 |
|---|---|---|---|---|
| Antung Trading Corporation | Investee | Taiwan | 20.00 % | 20.00 % |

The following consolidated financial information of significant associate has been adjusted according to individually prepared IFRS financial statements of these associate as to reflect the fair value adjustments made by the Company upon acquiring shares of the associate as well as the adjustments made for the differences in accounting policy:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current assets | $ 1,326,457 | 1,082,820 |
| Non current assets | 1,138,200 | 930,421 |
| Current liabilities | (1,002,421) | (737,168) |
| Non current liabilities | (30,814) | (70,076) |
| Net assets | $ 1,431,422 | 1,205,997 |
| Net assets attributable to non-controlling interests | $ 1,145,137 | 964,797 |
| Net assets attributable to investee | $ 286,285 | 241,200 |

| | 2022 | 2021 |
|---|---|---|
| Operating revenue | $ 2,874,782 | 2,679,138 |
| Profit (loss) from continuing operations | $ 394,843 | 320,613 |
| Other comprehensive income | 7,405 | (1,841) |
| Total comprehensive income | $ 402,248 | 318,772 |
| Comprehensive income (loss) attributable to non-controlling interests | $ 321,798 | 255,017 |
| Comprehensive income (loss) attributable to investee | $ 80,450 | 63,755 |

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

| | | 2022 | 2021 |
|---|---|---|---|
| Share of net assets of associate as of January 1 | $ | 241,200 | 201,962 |
| Comprehensive income attributable to the Company | | 80,450 | 63,755 |
| Changes in equity of associate accounted for using equity method | | 635 | (517) |
| Dividends received from associate | | (36,000) | (24,000) |
| Share of net assets of associate as of December 31 | | 286,285 | 241,200 |
| Add: Customer relation | | 42,103 | 42,103 |
| Less: Customer relation written-off | | 10,886 | 7,647 |
| Carrying amount of the Company's equity interest of the associate as of December 31 | **$** | **317,502** | **275,656** |

2) Insignificant associate

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Carrying amount of individually insignificant associates' equity | **$** | **16,899** | **16,568** |

| | | 2022 | 2021 |
|---|---|---|---|
| Attributable to the Company: | | | |
| Profit (loss) from continuing operations | $ | 2,784 | 2,726 |
| Other comprehensive (loss) income | | - | - |
| Comprehensive income | **$** | **2,784** | **2,726** |

(iii) Collateral

The Company's investments accounted for using equity method were not pledged as collateral as of December 31, 2022 and 2021.

(h) Business Combination

On June 1, 2021, the Company obtained control of PGL by acquiring 32% of the shares and voting interests. As a result, the Company's equity interest in PGL increased from 19% to 51%.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

PGL and its subsidiaries (hereinafter referred to as the “PGL Group”) are all-round international trading companies specializing in logistics and trading of synthetic rubbers, plastics, related chemical products, and the raw materials thereof. Although the PGL Group differs from the Company in product and industry, both of them operate by utilizing distribution channels and platforms. As the Company was promoting the "partnership economy” and establishing a cross-industry distribution channel platform, it included the PGL Group among its key partners for cross-industry alliance to achieve synergy.

For the seven months ended December 31, 2021, PGL Group contributed profit after tax a net profit of 20,046 thousand to the Company from the date of acquisition. If the acquisition had occurred on January 1, 2021, management estimates that consolidated profit after income tax would have been 384,669 thousand. In determining these amounts, the management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2021.

The main categories of transfer consideration, as well as the assets and liabilities acquired and the amount of goodwill recognized as of the acquisition date, are listed as follows:

(i) The main categories of transfer consideration are as follows:

| | | |
|---|---|---|
| Cash | $ | 184,923 |
| Contingent consideration | | 35,758 |
| Total | **$** | **220,681** |

Contingent consideration

Under the contingent consideration arrangement, PGL shall decide whether to pay an additional transfer consideration according to the average profits after tax for 2021 and 2022, and the amount of the transfer consideration shall not exceed US$1,672 thousand. Under the contingent consideration arrangement, the Group’ s potential undiscounted cash of all contingent payments that it must pay in the future amounts to US$40 thousand approximately.

On the acquisition date, the fair value of the contingent consideration estimated using the equity method amounted to $35,758 thousand. Fair values were measured based on significant unobservable inputs in the market; that is, Level 3 fair value under IFRS 13 “Fair Value Measurement” that was approved by the FSC. The key assumption is the discount rate; please refer to note 6(w) for key assumptions and sensitivity analysis.

As of December 31, 2022, the amount of contingent consideration recognized and the assumptions used to estimate the contingent consideration had not changed. For changes in contingent consideration for 2022, please refer to note 6(w) “Statement of changes in level 3".

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(ii) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 373,961 |
| Financial assets measured at fair value through profit or loss | | 46,504 |
| Notes and accounts receivable | | 408,925 |
| Other receivables | | 4,863 |
| Inventories | | 404,619 |
| Prepayments | | 216,091 |
| Other current assets | | 164,301 |
| Property, plant and equipment | | 134,224 |
| Right-of-use assets | | 24,211 |
| Intangible assets | | 183,663 |
| Other non-current assets | | 7,909 |
| Short-term loan | | (827,234) |
| Contract liabilities | | (162,464) |
| Notes and accounts payable | | (175,947) |
| Other payables | | (316,597) |
| Dividend payables | | (134,059) |
| Current income tax liabilities | | (5,607) |
| Other current liabilities | | (397) |
| Other non-current liabilities | | (25,479) |
| Total fair value of identifiable net assets acquired | **$** | **321,487** |

The gross contractual amounts of accounts receivable is $415,836 thousand, of which $6,911 thousand was expected to be uncollectible at the acquisition date.

(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

| | | |
|---|---|---|
| Consideration transferred | $ | 220,681 |
| Non-controlling interest in the acquiree, if any (proportionate share of the fair value of the identifiable net assets) | | 157,528 |
| Fair value of pre-existing interest of investee | | 96,068 |
| Less: Fair value of identifiable net assets | | (321,487) |
| Goodwill | **$** | **152,790** |

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

The Company re-measured the fair value of its existing equity interest of 19% in PGL before the business combination, and the resulting loss of $56,915 thousand is recognized under retained earnings.

The goodwill is mainly derived from manpower that is expected to achieve synergy through the cross-industry alliance with the PGL Group. None of the goodwill recognized is expected to be deductible for tax purposes.

(i) Property, plant and equipment

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

| | Computer equipment | Transportation equipment | Office equipment | Machinery and equipment | Total |
|---|---|---|---|---|---|
| Cost: | | | | | |
| Balance at January 1, 2022 | $ 20,013 | 17,509 | 8,927 | 2,446 | 48,895 |
| Additions | 92 | 1,647 | - | 489 | 2,228 |
| Disposals | (220) | (1,121) | - | - | (1,341) |
| Balance at December 31, 2022 | **$ 19,885** | **18,035** | **8,927** | **2,935** | **49,782** |
| Balance at January 1, 2021 | $ 19,777 | 14,855 | 7,748 | 2,506 | 44,886 |
| Additions | 524 | 2,654 | 1,372 | - | 4,550 |
| Disposals | (288) | - | (193) | (60) | (541) |
| Balance at December 31, 2021 | **$ 20,013** | **17,509** | **8,927** | **2,446** | **48,895** |
| Accumulated depreciation: | | | | | |
| Balance at January 1, 2022 | $ 18,706 | 11,480 | 6,822 | 2,238 | 39,246 |
| Depreciation | 645 | 1,871 | 1,157 | 218 | 3,891 |
| Disposals | (220) | (1,121) | - | - | (1,341) |
| Balance at December 31, 2022 | **$ 19,131** | **12,230** | **7,979** | **2,456** | **41,796** |
| Balance at January 1, 2021 | $ 18,118 | 10,173 | 5,888 | 1,875 | 36,054 |
| Depreciation | 876 | 1,307 | 1,127 | 423 | 3,733 |
| Disposals | (288) | - | (193) | (60) | (541) |
| Balance at December 31, 2021 | **$ 18,706** | **11,480** | **6,822** | **2,238** | **39,246** |
| Carrying amounts | | | | | |
| Balance at December 31, 2022 | **$ 754** | **5,805** | **948** | **479** | **7,986** |
| Balance at December 31, 2021 | **$ 1,307** | **6,029** | **2,105** | **208** | **9,649** |

The Company did not pledge property, plant and equipment as collateral.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(j) Right-of-use assets

The Company leases building and the information about leases for which the Company as a lessee is presented below:

| | | Buildings |
|---|---|---|
| Cost: | | |
| Balance at January 1, 2022 | $ | 96,321 |
| Additions | | 4,009 |
| Disposals (end of contract and early termination of contract) | | (10,356) |
| Balance at December 31, 2022 | **$** | **89,974** |
| Balance at January 1, 2021 | $ | 86,115 |
| Additions | | 55,735 |
| Disposals (end of contract) | | (45,529) |
| Balance at December 31, 2021 | **$** | **96,321** |
| Accumulated depreciation of right-of-use asset: | | |
| Balance at January 1, 2022 | $ | 41,842 |
| Depreciation | | 33,053 |
| Disposals (end of contract and early termination of contract) | | (8,750) |
| Balance at December 31, 2022 | **$** | **66,145** |
| Balance at January 1, 2021 | $ | 53,876 |
| Depreciation | | 33,495 |
| Disposals (end of contract) | | (45,529) |
| Balance at December 31, 2021 | **$** | **41,842** |
| Carrying amount: | | |
| Balance at December 31, 2022 | **$** | **23,829** |
| Balance at December 31, 2021 | **$** | **54,479** |

(k) Short-term loans

The short-term loans were summarized as follows:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Unsecured bank loans | **$** | **400,000** | **250,000** |
| Unused credit line | **$** | **2,698,744** | **2,181,140** |
| Range of interest rate(%) | | **1.76~2.00** | **0.70~0.95** |

(i) Please refer to note 9 for details regarding the promissory note issued by our company as collateral for the loaning limit.

(ii) The Company did not pledge assets as collateral for bank loans.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(l) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

| | December 31, 2021 | | |
|---|---|---|---|
| | Guarantee or acceptance institution | Range of interest rates (%) | Amount |
| Commercial papers payable | International Bills Finance Corporation | 0.59 | $ 100,000 |
| Less: Discount on short-term notes and bills payable | | | (6) |
| Total | | | $ 99,994 |

There's no short-term notes and bills payable as of December 31, 2022.

The Company did not pledge assets as collateral for short-term notes and bills payable

(m) Lease liabilities

The amounts of leased liability were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current | $ 19,567 | 31,832 |
| Non-current | 4,555 | 23,065 |
| Total | $ 24,122 | 54,897 |

Please refer to note 6(w) for more information on maturity analysis.

The amounts recognized in profit or loss were as follows:

| | 2022 | 2021 |
|---|---|---|
| Interest on lease liabilities | $ 643 | 845 |
| Variable lease payments not included in the measurement of lease liabilities | $ - | 440 |
| Expenses relating to short-term leases | $ 76 | 53 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | $ 95 | 82 |

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

| | 2022 | 2021 |
|---|---|---|
| Total cash outflow from operating activities | $ 171 | 575 |
| Total cash outflow from financing activities－lease principal | 33,140 | 33,412 |
| Total cash outflow from financing activities－interest expense | 643 | 845 |
| Total cash outflow for leases | $ 33,954 | 34,832 |

(Continued)

The Company leases buildings for its office space and warehouse as of December 31, 2022 and 2021. The lease of office typically run for a period of 1 to 3 years and of warehouse for 2 to 4 years.

(n) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and plan asset at fair value are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Present value of the defined benefit obligations | $ 124,591 | 138,878 |
| Fair value of plan assets | (54,604) | (44,400) |
| Net defined benefit liabilities | **$ 69,987** | **94,478** |

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Regarding the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks. In accordance with the "Regulations Governing the Custody, Utilization, and Distribution of Employee Pension Funds of Profit-seeking Enterprises", the Company sets aside a pension fund and place it in a special account with a designated financial institution in the form of time or demand deposit. The utilization of the pension fund is completely separate from the Company, and both the principal and interest of the fund shall not be used in any form except for the payments of pension and severance.

The Group' s Bank of Taiwan labor pension reserve account balance amounted to $54,273 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Group were as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Defined benefit obligation at January 1 | $ | 138,878 | 127,552 |
| Current service costs and interest | | 1,314 | 1,379 |
| Remeasurements of the net defined benefit liability | | | |
| —Actuarial gains and losses arising from experience adjustments | | 4,008 | 719 |
| —Actuarial gains and losses arising from changes in financial assumptions | | (17,802) | 11,567 |
| Benefits paid by the plan | | (1,807) | (2,339) |
| Defined benefit obligation at December 31 | **$** | **124,591** | **138,878** |

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Fair value of plan assets at January 1 | $ | 44,400 | 39,271 |
| Interest revenue | | 297 | 264 |
| Remeasurements loss | | | |
| —Actuarial loss (current interest excluded) | | 2,851 | 357 |
| Amount allocated to the plan | | 8,863 | 6,847 |
| Benefits paid | | (1,807) | (2,339) |
| Fair value of plan assets at December 31 | **$** | **54,604** | **44,400** |

4) Changes in the effect of asset ceiling

The Company had no effect on assets ceiling in the year 2022 and 2021.

5) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Current service costs | $ | 448 | 584 |
| Net interest on the net defined benefit liability | | 569 | 531 |
| | **$** | **1,017** | **1,115** |

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

6) Remeasurements of the net defined benefit liability recognized under other comprehensive income

The Company's remeasurements of the net defined benefit liability recognized in other comprehensive income were as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Cumulative amount at January 1 | $ | (65,846) | (53,917) |
| Current period recognition | | 16,645 | (11,929) |
| Cumulative amount at December 31 | **$** | **(49,201)** | **(65,846)** |

7) Actuarial assumptions

Assumptions used on calculating the present value of the defined benefit obligation as of December 31, 2022 and 2021 were as follow:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Discount rate | 1.750 % | 0.625 % |
| Future salary increases | 3.500 % | 3.500 % |

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $7,200 thousand. The weighted average duration of the defined benefit plan is 14.23 years.

8) Sensitivity analysis

As of December 31, 2022 and 2021, the effect of changes in actuarial assumption on the present value of the defined benefit obligation was as follows:

| | The effect of defined benefit obligation | |
|---|---|---|
| | **Increase 0.25%** | **Decrease 0.25%** |
| At December 31, 2022 | | |
| Discount rate | (3,565) | 3,707 |
| Future salary adjustment rate | 3,571 | (3,454) |
| At December 31, 2021 | | |
| Discount rate | (4,454) | 4,639 |
| Future salary adjustment rate | 4,435 | (4,283) |

The above sensitivity analysis is analyzed based on the effect of changes in single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for sensitivity analysis and calculation of net pension liability is the same. The method and assumptions used to carry out the sencitivity analysis is the same as in the prior year.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company's pension expenses under the defined contribution method were $10,783 thousand and $10,133 thousand for 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

(o) Income taxes

(i) Income tax expense of the Group for 2022 and 2021 was as follows:

| | 2022 | 2021 |
|---|---|---|
| Current tax expense (benefit) | | |
| Current period | $ 74,483 | 65,745 |
| Adjustments for prior year | (98) | (10,992) |
| | 74,385 | 54,753 |
| Deferred tax expense (benefit) | | |
| Occurrence and reversal of temporary differences | (1,418) | (7,491) |
| Income tax expense | **$ 72,967** | **47,262** |

The components of income tax expense (benefit) recognized under other comprehensive income for 2022 and 2021 were as follows:

| | 2022 | 2021 |
|---|---|---|
| Items that will not reclassified into profit and loss | | |
| Remeasurements of defined benefit liability | **$ 3,329** | **(2,386)** |

Reconciliation of income tax expense and profit before tax for 2022 and 2021 is as follows:

| | 2022 | 2021 |
|---|---|---|
| Profit before income tax | **$ 488,016** | **388,180** |
| Income tax calculated by a statutory tax rate applied by the Company | $ 97,603 | 77,636 |
| Underestimation of deferred tax assets in previous years | - | (966) |
| Underestimation of deferred tax liabilities in previous year | - | 74 |
| Gain on investment | (23,797) | (18,708) |
| Prior year income tax adjustments | (98) | (10,992) |
| Addititonal tax on undistributed earnings | - | 161 |
| Others | (741) | 57 |
| Total | **$ 72,967** | **47,262** |

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(ii) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities in 2022 and 2021,respectively, are as follows:

Deferred tax assets

| | Defined Benefit Plans | Provision for inventory write-down | Others | Total |
|---|---|---|---|---|
| **Balance at January 1, 2022** | $ 19,508 | 27,196 | 9,371 | 56,075 |
| Recognized in profit (loss) | (2,182) | 4,565 | 101 | 2,484 |
| Recognised in other comprehensive income (loss) | (3,329) | - | - | (3,329) |
| **Balance at December 31, 2022** | **$ 13,997** | **31,761** | **9,472** | **55,230** |
| **Balance at January 1, 2021** | $ 18,268 | 21,302 | 8,185 | 47,755 |
| Recognized in profit (loss) | (1,146) | 5,894 | 1,186 | 5,934 |
| Recognised in other comprehensive income | 2,386 | - | - | 2,386 |
| **Balance at December 31, 2021** | **$ 19,508** | **27,196** | **9,371** | **56,075** |

Deferred tax liabilities:

| | Gain on foreign exchange | Unrealized gain | Deferred revenue | Others | Total |
|---|---|---|---|---|---|
| **Balance at January 1, 2022** | $ - | - | - | 612 | 612 |
| Recognized in profit (loss) | 653 | 1,025 | - | (612) | 1,066 |
| Balance at December 31, 2022 | **$ 653** | **1,025** | **-** | **-** | **1,678** |
| **Balance at January 1, 2021** | $ 225 | - | 1,332 | 612 | 2,169 |
| Recognized in profit (loss) | (225) | - | (1,332) | - | (1,557) |
| **Balance at December 31, 2021** | **$ -** | **-** | **-** | **612** | **612** |

(iii) Examination and approval

The Compnay's tax returns for the year through 2020 were assessed by the Taipei National Tax Administration.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(p) Other payable

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Salary payable | $ | 97,189 | 90,560 |
| Marketing expenses | | 418,015 | 406,403 |
| Royalties payable | | 10,633 | 20,372 |
| Freight payable | | 21,869 | 21,351 |
| Wages payable | | 2,665 | 2,383 |
| Employees' and directors' remuneration | | 56,740 | 45,500 |
| Others | | 70,703 | 66,268 |
| Total | $ | **677,814** | **652,837** |

(q) Shares and other equity

(i) Issuance of ordinary shares

As of December 31, 2022 and 2021, the total value of authorized ordinary shares each amounted to $1,000,000 thousand, with a par value of $10 per share; and the total ordinary shares issued were 81,581 thousand. All payments have been received as of the reporting date.

Reconciliations of shares outstanding in 2022 and 2021 were as follows:

Unit: thousand share

| | 2022 | 2021 |
|---|---|---|
| Balance on January 1 | 81,581 | 73,748 |
| Issued for cash | - | 7,833 |
| Balance at December 31 | **81,581** | **81,581** |

On December 23, 2020, the Company's Board of Directors resolved to issue 7,833 thousand ordinary shares at par value of $10 before its initial public offering (IPO). As stipulated by the the Company' s Articles of Incorporation, it retained 1,174 thousand shares, 15% of the aforementioned shares, for subscription by its employees. If employees renounce the share options or elect not to subscribe up to their entitled numbers of shares, the chairperson has the authority to appoint certain persons to subscribe for those shares. On January 12, 2021, the capital increase was approved by the competent authority, and the record date of capital increase was March 29, 2021. The total share payments received amounted to $244,549 thousand, and the difference between the share payments and share capital of $78,330 thousand amounted to $166,219 thousand, which was recognized as capital surplus.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(ii) Capital surplus

The balance of capital surplus was as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Additional paid-in capital stock | $ 597,282 | 597,282 |
| Change in shares in hands of subsidiaries | - | 37 |
| Changes in net equity in associates recognized by the equity method | 12,610 | 11,975 |
| Recognition of premium arising from organizational restructuring of subsidiaries | 19,858 | - |
| | $ **629,750** | **609,294** |

In 2022, PGL, a subsidiary of the Company, underwent both reorganization and liquidation. In accordance with letter Ji-Mi-Tzu No. 033, the Company recognized the difference of $19,858 thousand, between the exchange difference on translation of foreign financial statements and the previously recognized amount, as capital reserve. In 2022, the Company did not subscribe for shares in subsidiaries in proportion to shareholding, causing changes in ownership interests in subsidiaries. Consequently, the Company wrote down capital surplus by $37 thousand and retained earnings by $32,062 thousand, respectively.

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.

(iii) Retained earnings

As stipulated by the Company’s Articles of Incorporation, the Company’s earnings, if any, shall first be used to pay income taxes and offset prior years’ losses. Of the remaining portion, 10% is to be appropriated as legal reserve, unless the amount of legal reserve has already reached that of total paid-in capital. In addition, the Company shall appropriate or reverse special reserve pursuant to applicable laws and regulations. The remainder, together with the unappropriated earnings from the previous years, may be distributed as dividends to shareholders. The Company shall not distribute both dividend and bonus when there are no earnings, with exceptions allowed only in the case of appropriation from reserves in accordance with laws and regulations.

As the Company is in an industry with rapidly changing business climate and development trends, the Company adopts a residual dividend policy. Dividends are appropriated taking into account mainly future business expansion and cash flow requirements; share dividends and cash dividends are distributed where required. If cash dividends are distributed, they shall take up a minimum of 10% of the total dividends distributed for the year.

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

1) Legal reserve

When the Company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with the rulings issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from current and prior-year earnings. This special reserve shall revert to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2021 and 2020 had been approved during the shareholders' meeting on June 9, 2022 and July 2,2021. The relevant dividend distributions to shareholders were as follows:

| | 2021 | 2020 |
|---|---|---|
| Dividends distributed to ordinary shareholders: | | |
| Cash | $ 261,061 | 163,163 |

On March 15, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings. The relevant dividend distributions to shareholders were as follows:

| | 2021 |
|---|---|
| Dividends distributed to ordinary shareholders: | |
| Cash | $ 285,535 |

The earnings distribution information would be available on the Market Observation Post System.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(iv) Other equity items (net after tax)

| | Exchange differences on translation of foreign financial statements | Unrealized gains from financial assets measured at fair value through other comprehensive income | Remeasurement of defined benefit plans | Total |
|---|---|---|---|---|
| Balance at January 1, 2022 | $ (2,206) | - | (52,676) | (54,882) |
| Foreign exchange differences arising from translation of foreign operations | 868 | - | - | 868 |
| Share of exchange differences of associates accounted for using equity method | 1,481 | - | - | 1,481 |
| Unrealized gains from financial assets measured at fair value through other comprehensive income | - | 309 | - | 309 |
| Remeasurement of defined benefit plans | - | - | 13,316 | 13,316 |
| Balance at December 31, 2022 | **$ 143** | **309** | **(39,360)** | **(38,908)** |
| Balance at January 1, 2021 | $ (267) | 13,811 | (43,133) | (29,589) |
| Foreign exchange differences arising from translation of foreign operations | (1,939) | - | - | (1,939) |
| Unrealized gains from financial assets measured at fair value through other comprehensive income | - | (70,726) | - | (70,726) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | 56,915 | - | 56,915 |
| Remeasurement of defined benefit plans | - | - | (9,543) | (9,543) |
| Balance at December 31, 2021 | **$ (2,206)** | **-** | **(52,676)** | **(54,882)** |

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(r) Share-based payment

The Company's share-based payment transaction for 2021 was as follows:

| | New shares reserved for employee subscription |
|---|---|
| Grant date | March 17, 2021 |
| Number of shares granted | 1,174,000 |
| Contract term (year) | 0.0082 |
| Recipients | All employees |
| Vesting conditions | Immediately vested |

(i) Determining the fair value of equity instruments granted

The Company used Black Scholes Option Pricing Model method in measuring the fair value of the share-based payment at the grant date as follows:

| | New shares reserved for employee subscription |
|---|---|
| Fair value at grant date (stock option) | 1.60 |
| Exercise price | 25.00 |
| Expected life (years) | 0.0082 |
| Expected dividend (%) | - |
| Risk-free interest rate (%) | 0.350 |

(ii) Details of the employee stock options are as follows:

| | 2021 | |
|---|---|---|
| | Weighted average exercise price | Number of options |
| Outstanding at January 1 | $ - | - |
| Granted during the year (number) | 25.00 | 1,174,000 |
| Excercised during the year (number) | 25.00 | (1,062,000) |
| Expired during the year (number) | - | (112,000) |
| Outstanding at December 31 | - | - |
| Exercisable at December 31 | - | - |

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(iii) Employee expenses

The cash injection for share-based payments to the Company's employees in 2021 resulted in the expense of $1,699 thousand to be recognized.

There was no share-based payment to the Company's employee due to cash injection in 2022.

(s) Earnings per share

Unit: in thousand shares

| | | 2022 | 2021 |
|---|---|---|---|
| Basic earnings per share: | | | |
| Profit attributable to ordinary shareholders of the Company | $ | **415,049** | **340,918** |
| Weighted average number of ordinary shares | | **81,581** | **79,714** |
| Basic earnings per share (New Taiwan dollars) | $ | **5.09** | **4.28** |
| Diluted earnings per share: | | | |
| Profit attributable to ordinary shareholders of the Company | $ | **415,049** | **340,918** |
| Weighted average number of ordinary shares | | 81,581 | 79,714 |
| Potential dilutive effect on common stock | | | |
| Influence of employee stock remuneration | | 1,575 | 1,130 |
| Weighted average number of ordinary shares (after the adjustment of potential dilutive effect on common stock) | | **83,156** | **80,844** |
| Diluted earnings per share (New Taiwan dollars) | $ | **4.99** | **4.22** |

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

| | | 2022 | 2021 |
|---|---|---|---|
| Primary geographical markets: | | | |
| Taiwan | $ | 18,100,311 | 17,854,908 |
| Other | | 66,531 | 119,293 |
| | $ | **18,166,842** | **17,974,201** |
| Major products/services lines: | | | |
| Computer software | $ | 3,943,025 | 4,164,915 |
| System information and digital entertainment products | | 13,960,012 | 13,542,921 |
| Other | | 263,805 | 266,365 |
| | $ | **18,166,842** | **17,974,201** |

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(ii) Contract balances

| | December 31, 2022 | December 31, 2021 | January 1, 2021 |
|---|---|---|---|
| Notes and accounts receivable (including related parties) | $ 2,423,685 | 2,471,483 | 2,243,116 |
| Less: loss allowance | (13,435) | (14,039) | (14,588) |
| unrealized interest revenue | (35) | (474) | (1,461) |
| Total | **$ 2,410,215** | **2,456,970** | **2,227,067** |
| Contract liabilities | **$ 5,250** | **5,737** | **12,789** |

Please refer to note 6(d) for details on notes and accounts receivable and related loss allowance.

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period were $5,182 thousand and $8,745 thousand, respectively.

(u) Remuneration for employees and directors

According to the amendment of the Company's articles of incorporation, a minimum of 2% shall be allocated as employee remuneration and a maximum of 0.8% be allocated as directors' remuneration. However, if the Company has an accumulated deficit(including adjustment of undistributed earnings), the profit should be used to offset the deficit. The aforementioned employee remuneration shall be made by way of cash but may also be made by stock. The recipients of stock 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 accrued its remuneration to employees amounting to $53,000 thousand and $43,500 thousand, respectively, and the remuneration for directors of $3,040 thousand and $2,000 thousand, respectively. The said amounts, which were recognized as operating expenses, were calculated based on pre-tax net profit for each year before deducting the amount of the remuneration to employees and directors, multiplied by the proposed distribution ratio of remuneration to employees and directors. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

The amounts, as stated in the financial statements, are identical to those of the actual distribution for 2022 and 2021.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(v) Non-operating income and expenses

(i) Interest revenue

| | 2022 | 2021 |
|---|---|---|
| Interest arising from bank deposits | $ 536 | 51 |
| Interest revenue arising from guarantee deposits paid | 40 | 41 |
| Interest revenue arising from installments | 439 | 988 |
| Interest revenue arising from loans to other parties | 3,646 | 627 |
| | $ 4,661 | 1,707 |

(ii) Other revenue

| | 2022 | 2021 |
|---|---|---|
| Dividend revenue | $ - | 34,949 |
| Revenue arising from insurance claim | 19 | 86 |
| Income transferred from recovered doubtful debts | 98 | 1,638 |
| Income transferred from temporary credits of more than 2 years | 1,407 | 2,107 |
| Directors' remuneration | 666 | 662 |
| Other | 2,843 | 535 |
| | $ 5,033 | 39,977 |

(iii) Other gains and losses

| | 2022 | 2021 |
|---|---|---|
| Net gains (losses) on foreign exchange | $ 11,670 | 6,716 |
| Net gains (losses) on financial assets and liabilities measured at fair value through profit and loss | (19,693) | 5,365 |
| Gains on disposal of property, plant and equipment | 76 | 35 |
| Other | (2) | - |
| | $ (7,949) | 12,116 |

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(iv) Financial cost

| | | 2022 | 2021 |
|---|---|---|---|
| Interest expense: | | | |
| Bank loans | $ | 7,570 | 3,556 |
| Lease liabilities | | 643 | 845 |
| | **$** | **8,213** | **4,401** |

(w) Financial instruments

(i) Credit risk

1) Risk exposure

The carrying amounts of the financial assets represents the maximum amounts exposed to credit risk.

2) Concentration of credit risk

The concentration of credit risk is limited because the Company's customer groups are numerous and unaffiliated.

3) Credit risk of accounts receivable

For information related to credit risk exposure of notes and accounts receivable, please refer to note 6(d).

Please refer to note 6(e) for details of other receivables. As for the financial assets that have low credit risk, the loss allowance recognized during the period is measured at the 12-month expected credit losses. Regarding of the determination of credit risk by the Company, please refer to note 4(f).

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(ii) Liquidity risk

The table below, which sets out the maturity dates of the Group's financial liability contracts and estimated interest, was compiled based on earliest dates of required repayments and undiscounted cash flows.

| | Carrying amount | Contractual cash flows | Less than 1 year | 1-2 years | 2-5years |
|---|---|---|---|---|---|
| **December 31, 2022** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term loans | $ 400,000 | 401,236 | 401,236 | - | - |
| Financial liabilities measured at fair value through profit and loss－current－contingent consideration of business combination | 1,199 | 1,199 | 1,199 | - | - |
| Notes and accounts payable (including related parties) | 2,196,172 | 2,196,172 | 2,196,172 | - | - |
| Other payables (including related parties) | 679,238 | 679,238 | 679,238 | - | - |
| Lease liabilities | 24,122 | 24,360 | 19,790 | 4,570 | - |
| Guarantee deposits | 30,150 | 30,150 | - | - | 30,150 |
| | 3,330,881 | 3,332,355 | 3,297,635 | 4,570 | 30,150 |
| Derivative financial liabilities | | | | | |
| Finaicial liabilities measured at fair value through profit and loss－interest rate swap contracts | | | | | |
| Inflow | - | (28,086) | (28,086) | - | - |
| Outflow | 2,369 | 30,462 | 30,462 | - | - |
| | 2,369 | 2,376 | 2,376 | - | - |
| | **$ 3,333,250** | **3,334,731** | **3,300,011** | **4,570** | **30,150** |

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

| | | Carrying amount | Contractual cash flows | Less than 1 year | 1-2 years | 2-5years |
|---|---|---|---|---|---|---|
| **December 31, 2021** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Short-term loans | $ | 250,000 | 250,329 | 250,329 | - | - |
| Short-term notes and bills payable | | 99,994 | 100,000 | 100,000 | - | - |
| Financial liabilities measured at fair value through profit and loss (including current and non-current)－contigent consideration of business combination | | 35,758 | 39,075 | 35,415 | 3,660 | - |
| Notes and accounts paybable (including related parties) | | 2,094,198 | 2,094,198 | 2,094,198 | - | - |
| Other payables (including related parties) | | 654,154 | 654,154 | 654,154 | - | - |
| Lease liabilities | | 54,897 | 55,728 | 32,438 | 18,720 | 4,570 |
| Guarantee deposits | | 30,150 | 30,150 | - | - | 30,150 |
| | | 3,219,151 | 3,223,634 | 3,166,534 | 22,380 | 34,720 |
| Derivative financial liabilities | | | | | | |
| Inflow | | - | (82,800) | (82,800) | - | - |
| Outflow | | 77 | 82,877 | 82,877 | - | - |
| | | 77 | 77 | 77 | - | - |
| | **$** | **3,219,228** | **3,223,711** | **3,166,611** | **22,380** | **34,720** |

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(iii) Currency risk

1) Currency risk exposure

The Company's significant exposure to foreign currency risk was as follows:

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | Amount | Foreign currency | Exchange rate | Amount |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD | $ 7,051 | 30.7100 | 216,528 | 14,213 | 27.6900 | 393,554 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD | 2,643 | 30.7100 | 81,162 | 5,878 | 27.6900 | 162,748 |
| SGD | 600 | 22.9200 | 13,762 | 506 | 20.5300 | 10,383 |

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the non-monetary items exchange gains and losses on cash and cash equivalents, trade receivables, notes and other receivables(payables), that are denominated in foreign currency.

A 1.00% weakening of the TWD against the USD, EUR and SGD as at December 31, 2022 and 2021, would have increased the net profit before tax for the years ended December 31, 2022 and 2021 by $1,216 thousand and $2,204 thousand, respectively. The analysis is performed on the same basis.

3) Foreign exchange gain and loss on monetary items

The exchange rates and amounts of (realized and unrealized) foreign exchange gains and losses on the Company's monetary items that were converted into functional currency were as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Gain on exchange | Average rate | Gain on exchange | Average rate |
| NTD | $ 11,670 | 1.000 | 6,716 | 1.000 |

(iv) Market risk

For information regarding to the price change in Level 3 equity securities, please refer to note 6(e) fair value measurements in Level 3–sensitivity analysis of reasonably possible alternative assumptions.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(v) Interest rate risk

The short-term loan and short-term notes and bills payable used fixed rate. Therefore, there's no significant interest rate risk.

(vi) Fair value information

1) Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | **Amount** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial assets at fair value through other comprehensive income | | | | | |
| Unquoted equity instruments measured at fair value | $ 22,719 | - | - | 22,719 | 22,719 |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | 399,228 | - | - | - | - |
| Notes receivables and accounts receivables (including related parties) | 2,410,215 | - | - | - | - |
| Other receivables (including related parties) | 155,986 | - | - | - | - |
| Refundable deposits | 22,007 | - | - | - | - |
| Subtotal | 2,987,436 | - | - | - | - |
| Total | **$ 3,010,155** | **-** | **-** | **22,719** | **22,719** |
| Financial liabilities at fair value through profit or loss | | | | | |
| Derivative financial liabilities | $ 2,369 | - | 2,369 | - | 2,369 |
| Non-derivative financial liabilities | 1,199 | - | - | 1,199 | 1,199 |
| Subtotal | 3,568 | - | 2,369 | 1,199 | 3,568 |

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Amount | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities measured at amortized cost | | | | | |
| Bank loans | $ 400,000 | - | - | - | - |
| Note payable and accounts payable (including related parties) | 2,196,172 | - | - | - | - |
| Other payables (including related parties) | 679,238 | - | - | - | - |
| Lease liabilities | 24,122 | - | - | - | - |
| Guarantee deposits | 30,150 | - | - | - | - |
| Subtotal | 3,329,682 | - | - | - | - |
| Total | **$ 3,333,250** | **-** | **2,369** | **1,199** | **3,568** |

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | | |
| Derivative financial assets－current | $ 261 | - | 261 | - | 261 |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | 181,003 | - | - | - | - |
| Notes receivables and accounts receivables (including related parties) | 2,423,720 | - | - | - | - |
| Other receivables (including related parties) | 292,011 | - | - | - | - |
| Refundable deposits | 13,704 | - | - | - | - |
| Long-term receivables | 33,250 | - | - | - | - |
| Subtotal | 2,943,688 | - | - | - | - |
| Total | **$ 2,943,949** | **-** | **261** | **-** | **261** |

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Amount | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities at fair value through profit or loss | | | | | |
| Derivative financial liabilities | $ 77 | - | 77 | - | 77 |
| Non-derivative financial liabilities (current and non-current) | 35,758 | - | - | 35,758 | 35,758 |
| Subtotal | 35,835 | - | 77 | 35,758 | 35,835 |
| Financial liabilities measured at amortized cost | | | | | |
| Bank loans | 250,000 | - | - | - | - |
| Short-term notes and bills payable | 99,994 | - | - | - | - |
| Note payable and accounts payable (including related parties) | 2,094,198 | - | - | - | - |
| Other payables (including related parties) | 654,154 | - | - | - | - |
| Lease liabilities | 54,897 | - | - | - | - |
| Guarantee deposits | 30,150 | - | - | - | - |
| Subtotal | 3,183,393 | - | - | - | - |
| Total | **$ 3,219,228** | **-** | **77** | **35,758** | **35,835** |

There's no financial assets and liabilities being transferred to another fair value level in the year 2022 and 2021.

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

The fair values of the Company's financial instruments without an active market are estimated using the Company approach. The main assumption of the Company approach is measurement based on the multiplier of P/E ratio derived from both the investee's profit after tax and quoted market prices of comparable publicly quoted entities. The estimate has been adjusted for the discount on equity securities arising from lack of liquidity.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

b) Derivative financial instruments

The valuation of interest rate swap contracts are usually based on forward exchange rate.

3) Reconciliation of level 3 fair values

| Fair value through other comprehensive income | Unquoted equity instruments |
|---|---|
| Balance at January 1, 2022 | $ - |
| Total gains and losses | |
| Recognized in other comprehensive income | 309 |
| Purchased | 22,410 |
| Balance at December 31, 2022 | **$ 22,719** |
| Balance at January 1, 2021 | $ 166,794 |
| Total gains and losses | |
| Recognized in other comprehensive income | (70,726) |
| Excluded due to acquisition | (96,068) |
| Balance at December 31, 2021 | **$ -** |

| Fair value through profit or loss | Contingent consideration arising from acquisition |
|---|---|
| Balance at January 1, 2022 | $ 35,758 |
| Total gains and losses | |
| Recognized in profit or loss | 2,976 |
| Settlement | (37,535) |
| Balance at December 31, 2022 | **$ 1,199** |
| Balance at January 1, 2021 | $ - |
| Additions | 35,758 |
| Balance at December 31, 2021 | **$ 35,758** |

4) Quantified information on significant unobservable inputs (level 3) used in fair value measurements

The items whose fair values are categorized as Level 3 are mainly the Company's financial assets at FVOCI and financial liabilities at FVTPL. The Company's equity investments without an active market and contingent consideration of business combination have multiple material unobservable inputs that are independent of each other; therefore, there is no correlation among them.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

Quantified information of significant unobservable inputs was as follows:

| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income- Investment in equity instruments without active market | Regulations which is analogous to listed or OTC companies | • The multiplier of price-to-earnings ratio (December 31, 2022 was 11.10) | • The higher the multiplier, the higher the fair value |
| | | • The multiplier of price to book ratio (December 31, 2022 was 1.71) | • The higher the multiplier, the higher the fair value |
| | | • Discount for lack of marketability (December 31, 2022 was 40%) | • The higher the discount for lack of marketability, the lower the fair value |
| Financial assets at FVTPL–contingent consideration of businesses combination | Discounted Cash Flow Method | • Discount rate (10.10% as of December 31, 2022 and 2021) | • The lower the risk-adjusted discount rate, the higher the fair value. |

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

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

The fair value of the financial instruments of the Company were being measured rationally. However, if a different valuation model or parameter is being used, it may result in a different outcome. In regards of the financial instruments classified as Level 3, when there's a change in valuation parameter, the effects on other comprehensive income were shown below:

| Financial assets measured at fair value through comprehensive income | Input | Upwards or downwards movement | Changes in fair value that reflects on other comprehensive income | |
|---|---|---|---|---|
| | | | favorable | unfavorable |
| Investment in equity instruments without active market: | | | | |
| Balance at December 31, 2022 | multiplier of price-to-earnings ratio and price-to-book value ratio of stock | 5% | 1,136 | (1,136) |

| Financial assets measured at fair value through profit or loss | Input | Upwards or downwards movement | Change in fair value that reflects on other comprehensive income | |
|---|---|---|---|---|
| | | | favorable | unfavorable |
| Contingent consideration arising from acquisition | | | | |
| Balance at December 31, 2022 | Discount rate | 0.5% | 1 | (1) |
| Balance at December 31, 2021 | Discount rate | 0.5% | 28 | (83) |

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.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(x) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company' s objectives, policies and processes for measuring and managing the above mentioned risks。

(ii) Structure of risk management

The Board of Directors is responsible for developing and monitoring the Company' s risk management policies. Risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor compliance with the risk and risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company' s management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls and the results of which are reported to the Board of Directors on a regular basis.

(iii) 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 financial assets which are transaction of derivative instruments, receivables from customers and other receivables.

1) Trade and other receivables

As a distributor of information electronics consumer products, the Company has a broad customer base. As of December 31, 2022 and 2021, the balances of the Company's notes and accounts receivable were not concentrated within few customers, hence no significant concentration of credit risk associated with accounts receivable. The Company has formulated policies on granting of credit lines, with an aim to determine credit lines for customers respectively after carrying out credit analysis for them. In addition, the Company continues to assess customers' financial position and mitigate credit risk through insurance.

2) Transaction of derivative instruments

The transaction parties of deposits and derivative financial instruments are banks with good credit, which do not give rise to significant credit risk.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

3) Guarantee

For guarantees and endorsements for other parties, please refer to note 13。

(iv) 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 Company manages liquidity risk by monitoring regularly the current and mid- to long-term capital requirement and maintaining adequate cash and cash equivalents as well as banking facilities. As of December 31, 2022 and 2021, the unused credit lines amounted to $2,698,744 thousand and $2,181,140 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, and will affect the Company' s income or the value of its 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 utilizes derivative financial instruments to manage market risks and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Board of Directors.

1) Currency risk

The Company is exposed to currency risk arising from purchases denominated in currencies other than the Company's functional currencies, and the primary functional currency is USD. The Company' s hedge strategy is to enter into foreign currency forward contracts and cross currency swap contracts. These financial instruments reduce, but do not eliminate, the impact of movements in exchange rate.

2) Interest rate risk

The bank loan of the Company uses fixed rate as basis. Thus, there's no significant risk in interest rate.

3) Other price risks

The Company's non-current financial assets at FVTPL refer to shares in foreign unlisted entities measured at fair value, exposing the Company to the risk of changes in the market price of equity securities. To manage market risk, the Company selects investment targets discreetly and controls the portions held.

**WEBLINK INTERNATIONAL INC.**

**Notes to the Financial Statements**

(y) Capital management

In consideration of industry dynamics and future developments, as well as external environment factors, the Company makes plans to meet the requirements of working capital, capital expenditure, dividend expenditure, as well as ensures that the Company is able to continue as a going concern, reward shareholders and protect the interests of other stakeholders, with a view to maintaining an optimal capital structure to enhance shareholders' value on a long-term basis. The Company monitors capital through periodical review of debt-to-equity ratio. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity.

The Company's debt-to-equity ratio at the end of the reporting period as of December 31,2022 and 2021, are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Total liabilities | $ 3,490,061 | 3,408,059 |
| Less: Cash and cash equivalents | (399,228) | (181,003) |
| Net liabilities | **$ 3,090,833** | **3,227,056** |
| Total equity | **$ 2,025,846** | **1,867,490** |
| Debt-to-equity ratio | **152.57 %** | **172.80 %** |

(z) Non-cash investing and financing activities

Reconciliation of liabilities arising from financing activities as of December 31,2022 and 2021 were as follows:

| | | | Non-cash movements | | | | | |
|---|---|---|---|---|---|---|---|---|
| | January 1, 2022 | Cash flows | Acquisition | Addition | Deduction | Changes in rates | Changes in fair value | December 31, 2022 |
| Short-term loans | $ 250,000 | 150,000 | - | - | - | - | - | 400,000 |
| Short-term Notes and bills payables | 99,994 | (99,994) | - | - | - | - | - | - |
| Lease liabilities | 54,897 | (33,140) | - | 4,009 | (1,644) | - | - | 24,122 |
| Total liabilities from financing activities | **$ 404,891** | **16,866** | **-** | **4,009** | **(1,644)** | **-** | **-** | **424,122** |

| | | | Non-cash movements | | | | | |
|---|---|---|---|---|---|---|---|---|
| | January 1, 2021 | Cash flows | Acquisition | Addition | Deduction | Changes in rates | Changes in fair value | December 31, 2021 |
| Short-term loans | $ 560,000 | (310,000) | - | - | - | - | - | 250,000 |
| Notes and bills payables | 99,883 | 111 | - | - | - | - | - | 99,994 |
| Lease liabilities | 32,574 | (33,412) | - | 55,735 | - | - | - | 54,897 |
| Total liabilities from financing activities | **$ 692,457** | **(343,301)** | **-** | **55,735** | **-** | **-** | **-** | **404,891** |

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

## (7) Related-party transactions

(a) Parent Company and ultimate controlling party

Acer Incorporated is both the parent company and the ultimate controlling party of the Company who owns 58.92% of all shares outstanding of the Company.

(b) Names and relationship with related parties

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

| Name of related party | Relationship with the Company |
|---|---|
| Acer Incorporated (Acer) | The parent company |
| Wellife Inc. (WELL) | Subsidiary |
| Pecer Bio-medical Technology Incorporated (PBT) | Subsidiary |
| Portrade Applied Materials Corp. (PAM) | Subsidiary |
| Protrade Asia Limited (PAL) | Subsidiary |
| Cascadia Resources Inc. (CRI) | Subsidiary |
| Protrade Global Limited (PGL) | Subsidiary |
| Protrade Shanghai Trading Co., Ltd. (PST) | Subsidiary |
| Piovision International Inc. (HPT) | Associate |
| Antung Trading Corporation | Associate |
| Acer Synergy Tech Corp. (AST) | Other related party (subsidiary of Acer) |
| Acer e-Enabling Service Business Inc. (AEB) | Other related party (subsidiary of Acer) |
| Acer Cyber Security Incorporated (ACSI) | Other related party (subsidiary of Acer) |
| Acer ITS Inc. (ITS) | Other related party (subsidiary of Acer) |
| Acer e-Enabling Data Center Incorporated (EDC) | Other related party (subsidiary of Acer) |
| Acer Being Communication Inc. (ABC) | Other related party (subsidiary of Acer) |
| ISU Service Corp. (ISU) | Other related party (subsidiary of Acer) |
| Acer Gaming Inc. (AGM) | Other related party (subsidiary of Acer) |
| Acer Beverage Inc. (ABI) | Other related party (subsidiary of Acer) |

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

| Name of related party | Relationship with the Company |
|---|---|
| Altos Computing Inc. (ALT) | Other related party (subsidiary of Acer) |
| AOPEN Inc. (AOI) | Other related party (subsidiary of Acer) |
| Aopen SmartVision Incorporated (AOSV) | Other related party (subsidiary of Acer) |
| Acer Gadget Inc. (AGT) | Other related party (subsidiary of Acer) |
| Aspire Service & Development Inc. (ASDI) | Other related party (subsidiary of Acer) |
| Highpoint Service Network Corporation (HSNC) | Other related party (subsidiary of Acer) |
| Keypack Technology Corporation Limited (KTI) | Other related party (subsidiary of Acer) |
| Smart Frequency Technology Inc. (SFT) | Other related party (associate of Acer) |
| ECOM Software Inc. (ECS) | Other related party (associate of Acer) |
| Mu-Jin Investments Co., Ltd. | Same chairman with the Company |
| Mu-Shi Investment Co., Ltd. | Same chairman with the Company |

(c) Significant transactions with related parties

(i) Sales

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

| | 2022 | 2021 |
|---|---|---|
| Parent company | $ 96,626 | 60,734 |
| Subsidiaries | 510,699 | 357,376 |
| Associates | 6,806 | 7,142 |
| Other related parties | 307,931 | 306,783 |
| Total | **$ 922,062** | **732,035** |

The payment terms of sales to subsidiaries are 45 to 85 days; except for some transaction prices agreed by both parties, there is no significant difference from arm’s length transactions. Except for the sales to some related parties, the Company has not sold similar products to other related parties, hence no comparable price of transactions with other customers. The payment terms of the Company’ s sales to other related parties and associates are not significantly different from those of arm's length transactions.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Parent company－Acer | $ | 1,845,817 | 1,667,404 |
| Subsidiaries | | 128 | 476 |
| Other related parties | | 33,022 | 4,465 |
| Total | $ | **1,878,967** | **1,672,345** |

The Company has not purchased products similar to those purchased in the above-mentioned related-party transactions from other suppliers, hence no comparable transaction prices. The payment terms are 45 to 60 days, which were not materially different from arm's length purchases.

(iii) Operating costs and expense

The details of payment for management services and purchases to related parties were as follows:

| Account | Relationship | | 2022 | 2021 |
|---|---|---|---|---|
| Operating cost | Parent company | $ | 233 | 336 |
| Operating cost | Subsidiaries | | 31,884 | 17,717 |
| Operating cost | Other related parties | | 722 | 804 |
| | | | 32,839 | 18,857 |
| Operating expenses | Parent company | | 943 | 451 |
| Operating expenses | Other related parties | | 2,759 | 2,766 |
| | | | 3,702 | 3,217 |
| Total | | $ | **36,541** | **22,074** |

(iv) Leases

The Company leased data center space and related facilities from other related parties, the determination of the rental price is based on the area used. For the years ended December 31, 2022 and 2021, the Company recognized the amount of $19 thousand and $52thousand as interest expense, respectively. The Company terminated the contract in advance in July, 2022. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to $0 and $2,591 thousand, respectively.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(v) Receivables from Related Parties

The receivables from related parties generated from sales and consultant services were as follows:

| Account | Relationship | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Net accounts receivable－related parties | Parent company | $ 33,769 | 20,237 |
| | Subsidiaries | 42,532 | 100,886 |
| | Associates | 1,127 | 1,221 |
| | Other related parties | 70,703 | 80,907 |
| | | 148,131 | 203,251 |
| Other receivables－related parties | Associates | - | 292 |
| Total | | **$ 148,131** | **203,543** |

Provision for bad debts of the above-mentioned receivables were not necessary for the Company as of December 31, 2022 and 2021.

(vi) Loans to Related Parties

| Account | Relationship | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Other receivables | Subsidiaries | | |
| | PAM | $ - | 69,225 |
| | PGL | - | 83,070 |
| | CRL | 153,540 | 138,450 |
| Total | | **$ 153,540** | **290,745** |

| Account | Relationship | 2022 | 2021 |
|---|---|---|---|
| Interest revenue | Subsidiaries | | |
| | PAM | $ 448 | 271 |
| | PGL | 175 | 5 |
| | CRL | 3,023 | 351 |
| Total | | **$ 3,646** | **627** |

(Continued)

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

During 2022 and 2021, the annual interest rates of loans to subsidiaries—PAM, PGL, and CRL, with the approval of the Board of Directors, were1.20% to 5.50% and 1.00% to 1.20%, respectively. As of December 31, 2022, interest receivable, due from PAM, PGL and CRL, amounted to $0 thousand, $0 thousand, $1,785 thousand, respectively. As of December 31, 2021, interest receivable, due from PAM, PGL and CRL, amounted to $271 thousand, $5 thousand, $351 thousand, respectively. The above-mentioned interest receivable was included in other receivables due from related parties.

(vii) Payables

The amounts of payables to related parties generated from purchases, legal and marketing services were as follows:

| Account | Relationship | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Accounts payable－related parties | Parent company－Acer | $ 262,434 | 144,320 |
| | Subsidiaries | 15,786 | 3,937 |
| | Other related parties | 13,078 | 998 |
| Subtotal | | 291,298 | 149,255 |
| Other payable－related parties | Parent company | 730 | 491 |
| | Other related parties | 694 | 826 |
| Subtotal | | 1,424 | 1,317 |
| Total | | **$ 555,156** | **294,892** |

(viii) Guarantee deposits paid

As of December 31, 2022 and 2021, guarantee deposits paid to the parent company's Repair and Maintenance Center for management of repair and maintenance materials amounted to $100 thousand and $332 thousand, respectively.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(ix) Contract liabilities

Details of prepayments received by the Company generated from sales to related parties were as follow :

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Other related parties | $ 329 | - |

(x) Guarantees and endorsements provided to related parties

For details of the guarantees and endorsements provided to subsidiaries as of December 31, 2022 and 2021, please refer to note 13.

(xi) Other

Remunerations received arising from being the director of associate in the year 2022 and 2021 were $666 thousand and $662 thousand, respectively.

(d) Management personnel compensation

| | 2022 | 2021 |
|---|---|---|
| Short-term employee benefits | $ 29,308 | 24,313 |
| Post-employment benefits | 457 | 444 |
| | $ 29,765 | 24,757 |

**(8) Pledged assets:None**

**(9) Significant commitments and contingencies:**

(a) As of December 31, 2022 and 2021, the promissory notes issued by the Company to secure short-term credit lines amounted to $3,002,7444 thousand and $2,566,140 thousand, respectively. As of both dates, the guarantees provided to suppliers for purchases amounted to $376,000 thousand.

(b) Unrecognized contractual commitments

In June 2022, the Group entered into a contract to lease offices, and it expected to recognize right-of-use assets and lease liabilities of $94,556 thousand when the lessor made the underlying subject available for use.

**(10) Losses due to major disasters:None**

**(11) Subsequent events:None**

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

**(12) Other:**

A summary of personnel benefit costs, depreciation, depletion and amortization is as follows:

| Function / Account | 2022 Operating cost | 2022 Operating expenses | 2022 Total | 2021 Operating cost | 2021 Operating expenses | 2021 Total |
|---|---|---|---|---|---|---|
| Personnel benefit costs | | | | | | |
| Salaries | - | 320,802 | 320,802 | - | 327,998 | 327,998 |
| Health insurance | - | 24,154 | 24,154 | - | 22,767 | 22,767 |
| Pension | - | 11,800 | 11,800 | - | 11,248 | 11,248 |
| Renumeration to directors | - | 4,440 | 4,440 | - | 3,400 | 3,400 |
| Other personnel expense | - | 34,475 | 34,475 | - | 33,156 | 33,156 |
| Depreciation | - | 36,944 | 36,944 | - | 37,228 | 37,228 |
| Amortization | - | 3,685 | 3,685 | - | 2,763 | 2,763 |

The number of employee and the expense on employees' benefits were as follow:

| | 2022 | 2021 |
|---|---|---|
| Number of employees | 294 | 282 |
| Directors not in concurrent employment | 6 | 6 |
| Average employee benefits | $ 1,358 | 1,432 |
| Average employee salaries | $ 1,114 | 1,188 |
| Adjustment of average employee salaries | (6.23)% | |
| Supervisor's remuneration | $ - | - |

The Company's remuneration policies (for directors, executive officers, and employees) are as follows:

(a) Remuneration of the Company’s Directors is divided into:

(i) Fixed compensation:

Fixed compensation shall be determined based on extent of participation in the Company’s operation, value of contribution, and industry average. The amount shall be proposed by the Remuneration Committee, resolved by the Board of Directors, and reported to the shareholders’ general meeting.

(ii) Director remuneration:

As stipulated by Article 22 of the Company’s Articles of Incorporation, the annual profits, if there is any, shall be set aside to offset accumulated losses first. Of the remaining portion, a maximum of 0.8% shall be appropriated as director remuneration. In addition, the distribution method shall be submitted by the Remuneration Committee to the Board of Directors for finalization and be reported in a shareholders’ meeting.

(iii) General expenses (including travel allowances) and other expenses.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(b) Remuneration of the Company’s executive officers is divided into:

(i) Fixed salary:

Salaries are not only determined based on responsibilities, overall industry environment, and market standards but also distributed in the months agreed by employees.

(ii) Variable bonus:

Variable bonus: Variable bonus refers to the incentive for achieving goals and performance taking into consideration both performance and contribution during the year. The amount shall be proposed by the Remuneration Committee, approved by the Board of Directors, and distributed in accordance with the frequency and dates of the Company's bonus announcement during the year.

(iii) As stipulated by Article 22 of the Company’s Articles of Incorporation, annual profits, if there is any, shall be set aside to offset accumulated losses first. Of the remaining portion, a minimum of 2% shall be appropriated as employee remuneration. The amount of employee remuneration that is actually distributed shall be agreed upon by the Board of Directors, reported to the shareholders’ meeting, and be consistent with the annual budget approved by the Board of Directors.

(iv) Employee remuneration is governed by laws and regulations and distributed based on the year’ s operating results. Related standards, structures and systems are adjusted and reviewed in accordance with actual operating conditions and changes in relevant laws and regulations.In addition, the Company’ s Remuneration Committee periodically assesses executive officers’ remunerations. Furthermore, it provides advice for the Board of Directors’ reference and discussion, so as to ascertain reasonableness of the overall remuneration.

(Continued)

# WEBLINK INTERNATIONAL INC.
## Notes to Interim Financial Statements

**(13) Other disclosures:**

(a) Information on significant transactions:

The following were the information on significant transactions required by the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2022:

(i) Loans to other parties:

| No. | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties 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 (note 1) | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits (note 2) | Maximum limit of fund financing (note 2) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | The Company | PGL | Receivables from related parties | Yes | 84,063 | - | - | 1~1.2 | 2 | - | operating turnover | - | | - | 202,585 | 810,339 |
| 0 | The Company | PAM | Receivables from related parties | Yes | 74,315 | - | - | 1~1.2 | 2 | - | operating turnover | - | | - | 202,585 | 810,339 |
| 0 | The Company | CRI | Receivables from related parties | Yes | 190,458 | 153,540 | 153,540 | 1.2~5.5 | 2 | - | operating turnover | - | | - | 202,585 | 810,339 |
| 1 | PGL | CRI | Receivables from related parties | Yes | 16,945 | - | - | 1.2~1.5 | 2 | - | operating turnover | - | | - | (note 3) | (note 3) |
| 1 | PGL | PAM | Receivable from related parties | Yes | 16,945 | - | - | 1.2~1.5 | 2 | - | operating turnover | - | | - | (note 3) | (note 3) |
| 2 | PAL | CRI | Receivable from related parties | Yes | 9,634 | - | - | 1.2~1.5 | 2 | - | operating turnover | - | | - | 3,926 | 15,704 |
| 2 | PAL | PAM | Receivable from related parties | Yes | 9,634 | - | - | 1.2~1.5 | 2 | - | operating turnover | - | | - | 3,926 | 15,704 |
| 2 | PAL | PGL | Receivables from related parties | Yes | 9,634 | - | - | 1.2~1.5 | 2 | - | operating turnover | - | | - | 3,926 | 15,704 |
| 2 | PAL | PST | Receivables from related parties | Yes | 9,634 | - | - | 1.2~1.5 | 2 | - | operating turnover | - | | - | 3,926 | 15,704 |

Note 1: The purposes of loans are numbered as follows:

1. For a transaction counterparty, please filled in "1".
2. For an entity with necessary short-term financing requirement, please fill in "2".

Note 2: 1. The aggregate amount of loans to other parties shall not exceed 40% of the Company's net value; the aggregate amount of loans to a subsidiary or associate shall not exceed 10% of the Company's net value.

2. The aggregate amount of loans made by any of the Company's subsidiaries to other parties shall not exceed 40% of that subsidiary's net value; the aggregate amount of loans to a single party shall not exceed 10% of net value that subsidiary's net value.

Note 3: The above-mentioned intercompany transactions have been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

| No. | Name of guarantor | Counter-party of guarantee and endorsement | | 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 for 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 endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ 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 1) | | | | | | | | | | |
| 0 | The Company | CRI | 1 | 405,169 | 266,756 | 142,844 | - | - | 7.05 % | 1,012,923 | Y | N | N |
| 0 | The Company | PAM | 1 | 405,169 | 337,333 | 180,935 | - | - | 8.93 % | 1,012,923 | Y | N | N |
| 0 | The Company | PST | 1 | 405,169 | 293,834 | 168,238 | 25,251 | - | 8.30 % | 1,012,923 | Y | N | Y |
| 1 | PGL | CRI | 1 | (note 3) | 9,523 | - | - | - | (note 3) | (note 3) | N | N | N |

# WEBLINK INTERNATIONAL INC.
## Notes to Interim Financial Statements

Note 1: 1. An entity wherein the Company owned more than 50% voting rights, directly or indirectly.

2. An entity wherein the Company owned at least 90% voting rights, directly or indirectly.

Note 2: The "Regulations Governing Endorsements and Guarantees" of the Company and its subsidiaries were as follows:

1. The aggregate amount of guarantees/endorsements provided for other parties shall not exceed 50% of the net value stated in the most recent financial statements. The guarantees/endorsements provided for a single entity shall not exceed 20% of net value.

2. The aggregate amount guarantees/endorsements provided by the Company and its subsidiaries shall not exceed 50% of the Company's net value stated in the most recent financial statements. The aggregate amount of guarantees/ endorsements provided for a single entity shall not exceed 20% of the Company's net value.

Note 3: As of December 31, 2022, PGL has been liquidated.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | |
| The Company | Stock: Bluechip Infotech Pty Ltd | - | Financial assets measured at fair value through other comprehensive income－non-current | 434 | 22,719 | 7.59 | 22,719 | |

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock:

Unit: in thousand shares

| Name of company | Category and name of security | Account name | Name of counter-party | Relationship with the company | Beginning Balance | | Purchases | | Sales | | | | Ending Balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | Amount | Shares | Amount | Shares | Price | Cost | Gain (loss) on disposal | Shares | Amount |
| The Company | PAM | Investment accounted by equity method | (note 1) | Parent/ Subsidiary | - | - | 14,340 | 579,464 (note 1) | - | - | - | - | 14,340 | 591,945 (note 2) |

Note 1: The amount includes both the equity interest acquired through reorganization and the shares subscribed for cash capital increase.

Note 2: The amount includes the share of profits of $53,949 thousand recognized by equity-accounted subsidiaries, exchange differences on translation of foreign financial statements of $867 thousand, amortized customer relationships of $(10,236) thousand, and adjustments of $(32,099) thousand to capital surplus and retained earnings for share subscription not in proportion to shareholding.

(v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding NTD300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

| Company name | Counterparty | Nature of relationship (note 2) | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase /Sale | Amount | Percentage of total purchases (sales) (%) | Credit terms (days) | Unit price | Payment terms | Ending balance of notes and accounts receivable (payable) | Percentage of total notes and accounts receivable (payable) (%) | |
| The Company | Acer | Parent company of the Company | Purchases | 1,845,817 | 10.80 % | OA45 | (note 1) | | (262,434) | (11.95)% | |
| The Company | WELL | Subsidiary of the Company | (Sales) | (510,187) | (2.81)% | OA45 | | | 42,376 | 1.76 % | |
| The Company | AEB | Other related parties of the Company | (Sales) | (249,242) | (1.37)% | OA60 | | | 63,638 | 2.64 % | |
| PAM | CRI | Parent/ subsidiary | (Sales) | (876,523) | 40.00 % | OA60 | (Note 2) | | 152,244 | 46.31 % | |

Note 1: The Company has not purchased similar products from other suppliers, hence no comparative transaction prices.

Note 2: Agreed by both parties.

(Continued)

# WEBLINK INTERNATIONAL INC.
## Notes to Interim Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

| Name of company | Counter-party | Nature of relationship | Ending balance | Turnover rate | Overdue | | Amounts received in subsequent period (note 2) | Allowance for bad debts |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action taken | | |
| The Company | CRI | Parent/ subsidiary | 155,325 | (note 1) | - | | - | - |
| PAM | CRI | Parent/ subsidiary | 152,244 | 6.36 | - | | 38,947 | - |

Note 1: Receivables comprise both loans to other parties and interest receivable, and are therefore not applicable.

Note 2: As of March 6, 2023.

(ix) Information regarding trading in derivative financial instruments: Please refer to note 6(b).

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022:

(In Thousands of New Taiwan Dollars)

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2022 | | | Net income (losses) of investee | Share of profits/ losses of investee (note 1) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2022 | December 31, 2021 | Shares (thousands) | Percentage of ownership | Carrying value (note 1 ) | | | |
| The Company | Wellife | Taiwan | Retail of household appliances and 3C products | 10,000 | 10,000 | 1,000 | 100.00 | 26,616 | 16,737 | 16,737 | Subsidiary |
| The Company | Pecer Bio-medical Technology Incorporated | Taiwan | Healthcare product distribution and biotechnology services | 750 | 750 | 75 | 75.00 | 704 | (7) | (6) | Subsidiary |
| The Company | Piovision International Inc. | Taiwan | Software retail and services | 26,820 | 26,820 | 882 | 30.22 | 16,899 | 9,210 | 2,784 | Associates |
| The Company | Antung Trading Corporation | Taiwan | Agency service, sales, and OEM of components of heavy machinery, automobiles, and motorcycles | 203,052 | 203,052 | 6,000 | 20.00 | 317,502 | 394,843 | 75,730 (note 2) | Associates |
| The Company | PGL | The British Cayman Islands | Investment | - | 337,906 | - | - | - | 64,986 | 27,590 (note 3) | (note 6) |
| The Company | PAM | Taiwan | Trading of rubber and various rubber products | 628,483 | - | 14,340 | 62.53 | 591,945 | 4,486 | (3,736) (note 4) | Subsidiary (notes 6 and 8) |
| PGL | Snoqualmie Company Ltd. (SCL) | The British Virgin Islands | Investment | - | 30,888 | - | - | - | 196 | - | (note 5) |
| PGL | PAL | The British Virgin Islands | Trading of rubber and various rubber products | - | 76,076 | - | - | - | - | - | (notes 6 and 7) |
| PGL | Dakota Co., Ltd(DCL) | Samoa | Investment | - | 21,385 | - | - | - | - | - | (notes 6 and 7) |
| PGL | CRI | USA | Trading of rubber and various rubber products | - | 3 | - | - | - | - | - | (notes 6 and 7) |
| SCL | PAM | Taiwan | Trading of rubber and various rubber products | - | 30,000 | - | - | - | - | - | (note 5) |
| PAM | PAL | The British Virgin Islands | Trading of rubber and various rubber products | 36,979 | - | 70 | 100.00 | 39,259 | 16,488 | - | Sub-subsidiary (note 7) |
| PAM | DCL | Samoa | Investment | 135,924 | - | 650 | 100.00 | 123,915 | (11,221) | - | Sub-subsidiary (note 7) |
| PAM | CRI | USA | Trading of rubber and various rubber products | 99,087 | - | 2,000 | 100.00 | 133,279 | 71,915 | - | Sub-subsidiary (note 7) |
| PAM | Protrade Resoures Vietnam Company Limited. (PRV) | Vietnam | Trading of rubber and various rubber products | 2,880 | 2,880 | - | 100.00 | 2,128 | (652) | - | Sub-subsidiary |

# WEBLINK INTERNATIONAL INC.
## Notes to Interim Financial Statements

Note 1: Equity-accounted investment gains (losses) and carrying amount, recognized by the investee based on financial statements audited by the parent company's auditors, have been eliminated in the consolidated financial statements. The profits (losses) of sub-subsidiaries have been included in those of subsidiaries.

Note 2: The amount includes investment gains of $78,969 thousand and amortized customer relationships of $(3,239) thousand.

Note 3: The amount includes investment gains of $33,255 thousand and amortization of customer relationships o$(5,665) thousand.

Note 4: The amount includes investment gains of $835 thousand and amortized customer relationships of $(4,571) thousand.

Note 5: In 2022, SCL was liquidated, and the profits (losses) presented for the current period present those prior to the liquidation.

Note 6: PGL has been liquidated in 2022. The profits (losses) and invest gains (losses) presented for the period represent the amounts recognized for before liquidation.

Note 7: In July 2022, PAM acquired equity interests of 100% in PAL, DCL and CRI by subscribing for new shares issued. The original investment amounts at the end of period represent the carrying amounts of the respective investees on the record dates of the capital increase.

Note 8: After the liquidation of PGL, the Company held equity interest in PAM directly. The original investment amount in PAM at the end of the period represents the carrying amount of the Company's shareholding in PAM on the date of liquidation.

(c) Information on investment in China:

(i) The names of investees in China, the main businesses and products, and other information:

Unit: in thousands of dollars

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2022 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2022 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) | Book value | Accumulated remittance of earnings in current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| PST | Supply Chain integration | 19,960 | 2 | - | - | - | - | (10,743) | 100.00 % | (10,743) (note 2) | 120,897 (note 2) | - |

Note 1: There are 3 investment methods:

1.Direct investment in Mainland China.

2.Indirect investment in Mainland China through DCL.

3.Other methods.

Note 2: Equity-accounted investment gains (losses) and carrying amount, recognized by the investee based on financial statements audited by the parent company's auditors, have been eliminated in the consolidated financial statements.

(ii) Limitation on investment in China:

| Accumulated Investment in Mainland China as of December 31, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---|
| (note) | (note) | (note) |

Note: The amount represents indirect investments in Mainland China as a result of acquiring PGL rather than the Company's direct investment.

(iii) Significant transactions in China: None.

**WEBLINK INTERNATIONAL INC.**
**Notes to the Financial Statements**

(d) Major shareholders:

Unit: share

| Shareholding / Shareholder's Name | Shares | Percentage |
|---|---|---|
| Acer Incorporated (Acer) | 48,073,116 | 58.92 % |

Note: (1) The table shows major shareholders owning more than 5% shares in the Company, with delivered uncertificated/scripless ordinary shares and preference shares combined (including treasury shares) according to calculation made by Taiwan Depository & Clearing Corporation (TDCC) on each quarter's last business day. As a result of different calculation basis, there may be inconsistency between share capital stated in the financial statements and the scripless shares that have actually been delivered.

(2) If the above-mentioned shares have been entrusted, the numbers of shares are disclosed separately according to the sub-accounts opened by the trustees for the trustors.In accordance with the Securities and Exchange Act, significant shareholders reported insider holdings of more than 10% in the Company's total shares, including individual holdings plus entrusted shares whose use was at discretion of the owners. For information on the reported insider holdings, please refer to the website of Public Information Observatory.

(3) Shareholdings are rounded down to 2 decimal places.

**(14) Segment information:**

**Weblink International Inc.**

**Statement of cash and cash equivalents**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | | Amount |
| --- | --- | --- |
| Cash | Working capitals | $ 20 |
| Bank deposits | Cheque deposits | 110 |
| | Time deposits | 33,779 |
| | Demand deposits | 355,170 |
| | Foreign currency deposits | |
| | USD430,509.21@30.708) | 10,149 |
| | Subtotal | 399,208 |
| | | **$ 399,228** |

**Weblink International Inc.**

**Statement of notes receivable**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

| Client name | Descriptiom | Amount | Note |
|---|---|---|---|
| Notes receivable | | | |
| Company A | | $ 11,247 | |
| Company B | | 9,675 | |
| Other (individual amounts that are less than 5% of the account balance) | | 169,131 | |
| Subtotal | | 190,053 | |
| Account receivabels | | | |
| Company C | | 251,415 | |
| Company D | | 121,534 | |
| Other (individual amounts that are less than 5% of the account balance) | | 1,679,267 | |
| Subtotal | | 2,052,216 | |
| Installment receivables | | | |
| Company E | | 21,210 | |
| Company F | | 12,075 | |
| Subtotal | | 33,285 | |
| Less: Provision for bad debts | | 13,435 | |
| Unrealized interest revenue | | 35 | |
| Subtotal | | 13,470 | |
| Total | | **$ 2,262,084** | |

**Weblink International Inc.**

**Statement of accounts receivable－related parties**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

| Client name | | Amount | Note |
|---|---|---|---|
| Acer Incorporated (Acer) | | $ 33,769 | |
| Acer e-Enabling Service Business Inc. (AEB) | | 63,638 | |
| Wellife Inc. (WELL) | | 42,376 | |
| Other (individual amounts that are less than 5% of the account balance) | | 8,348 | |
| | | **$ 148,131** | |

**Statement of others receivable－related parties**

| Item | Description | Amount | Note |
|---|---|---|---|
| Financing provided to other parties | | $ 153,540 | |
| Other (individual amounts that are less than 5% of the account balance) | | 1,785 | |
| | | **$ 155,325** | |

**Weblink International Inc.**

**Statement of inventories**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Amount: Cost | Amount: Net realizable value | Note |
|---|---|---|---|
| Goods in stock | $ 1,521,468 | 2,230,264 | Market value at net realizable value |
| Spare parts | 29,360 | 33,235 | 〃 |
| Goods in transit | 69,767 | 69,767 | 〃 |
| Total | 1,620,595 | **2,333,266** | |
| Less: Provision for inventory write-down | 158,805 | | |
| | **$ 1,461,790** | | |

## Weblink International Inc.

## Statement of changes in investments accounted for using the equity method

## December 31, 2022

## (Expressed in thousands of New Taiwan Dollars)

| | Beginning balance | | Addition (note 1) | | Deduction (note 2) | | Ending balance | | | Market value or net assets value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name of Investee | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Percentage of ownership | Amount | Unit price | Total | Collateral | Note |
| Wellife Inc.(WELL) | 1,000 | $ 16,576 | - | 16,940 | - | 6,900 | 1,000 | 100.00 % | 26,616 | 27.50 | 27,503 | None | |
| Pecer Bio-medical Technology Incorporated (PBT) | 75 | 730 | - | - | - | 26 | 75 | 75.00 % | 704 | 10.19 | 764 | None | |
| Piovision International Inc.(HPT) | 882 | 16,568 | - | 2,784 | - | 2,453 | 882 | 30.22 % | 16,899 | 19.16 | 16,899 | None | |
| Antung Trading Corporation | 6,000 | 275,656 | - | 81,085 | - | 39,239 | 6,000 | 20.00 % | 317,502 | 47.71 | 286,284 | None | |
| Protrade Global Limited. | 2,550 | 335,224 | - | - | 2,550 | 335,224 | - | - % | - | - | - | None | |
| Protrade Applied Materials Corp.(PAM) | - | - | 14,340 | 634,280 | - | 42,335 | 14,340 | 62.53 % | 591,945 | 22.67 | 325,136 | None | |
| | | $ 644,754 | | 735,089 | | 426,177 | | | 953,666 | | 656,586 | | |

Note 1: Including equity interests of $335,224 thousand obtained through reorganization, cash capital increase of $244,240 thousand, realized gross sales profit of $203 thousand, accumulated translation adjustments of $2,349 thousand, changes in equity-accounted associates of $635 thousand, adjustments of $19,858 thousand to capital surplus for the difference between equity interests and book values of subsidiaries acquired through reorganization, and investment gains of $132,580 thousand.

Note 2: Including unrealized gross sales profit of $(20) thousand, equity interest in derecognized subsidiaries of $(335,224) thousand, amortized customer relationships of $(13,475) thousand, investment losses of $(6) thousand, adjustments of $(32,099) thousand to capital surplus and retained earnings for subscription for shares issued by subsidiaries not in proportion to shareholding, and cash dividends distributed by investees of $(45,353) thousand.

**Weblink International Inc.**

**Statement of short-term borrowings**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

| Type of loans | Description | Ending balance | Period of contract | Rang of interest | Credit line | Collateral | Note |
|---|---|---|---|---|---|---|---|
| Unsecured loan | Taiwan Business Bank Co., Ltd. | $ 200,000 | December 2022~ December 2023 | 1.76 | 200,000 | Note | |
| Unsecured loan | Bank SinoPac Co., Ltd. | 200,000 | December 2022~ December 2023 | 2.00 | 200,000 | Note | |
| | | **$ 400,000** | | | | | |

Note: For promissory notes issued by the Company for credit lines, please refer to note 9.

**Statement of trade payables**

| Client name | Description | Amount | Note |
|---|---|---|---|
| Notes payable | | | |
| Comapny A | | $ 10,301 | |
| Accounts payable | | | |
| Comapny B | | 126,669 | |
| Comapny C | | 142,658 | |
| Comapny D | | 144,013 | |
| Comapny E | | 159,794 | |
| Limted company F | | 195,209 | |
| Other (individual amounts that are less than 5% of the account balance) | | 1,126,230 | |
| | | 1,894,573 | |
| | | **$ 1,904,874** | |

**Weblink International Inc.**

**Statement of account payable－related parties**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

| Client name | Description | Amount | Note |
|---|---|---|---|
| Acer Incorporated Inc.(Acer) | | $ 262,434 | |
| Other (individual amounts that are less than 5% of the account balance) | | 28,864 | |
| | | **$ 291,298** | |

**Statement of operating revenue**

| Item | Quantity | Amount | Note |
|---|---|---|---|
| Sales revenue of products | | | |
| Computer software | | $ 3,943,025 | |
| System information and digital entertainment products | | 13,960,012 | |
| | | 17,903,037 | |
| Other sales and operating revenue | | 263,805 | |
| | | **$ 18,166,842** | |

**Weblink International Inc.**

**Statement of operating costs**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Amount Subtotal | Amount Total |
|---|---|---|
| Cost of goods sold for purchased items | $ | 17,152,210 |
| Beginning inventory | 1,697,484 | |
| Net purchases | 17,091,614 | |
| Ending inventory | (1,620,595) | |
| Others | (16,293) | |
| Cost of maintenance | | 24,228 |
| Losses on inventory write-down | | 22,825 |
| Total operating costs | | $ **17,199,263** |

**Statement of selling expenses**

| Item | Description | Amount | Note |
|---|---|---|---|
| Salaries expense | | $ 245,906 | |
| Freight expense | | 87,389 | |
| Other (individual amounts that are less than 5% of the account balance) | | 121,615 | |
| | | $ **454,910** | |

**Weblink International Inc.**

**Statement of administrative expenses**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
| --- | --- | --- | --- |
| Salaries expense | | $ 74,896 | |
| Depreciation expense | | 24,594 | |
| Other (individual amounts that are less than 5% of the account balance) | | 38,491 | |
| | | **$ 137,981** | |

For statement of changes in property, plant and equipment, please refer to note 6(i) of the financial report.

For statement of changes in accumulated depreciation of property, plant and equipment, please refer to note 6(i) of the financial report.

For statement of changes in right-of-use assets, please refer to note 6(j) of the financial report.

For statement of changes in accumulated depreciation of right-of-use assets, please refer to note 6(j) of the financial report.

For statment of other payable, please refer to note 6(p) of the financial report.

For statment of  interest revenue, please refer to note 6(v) of the financial report.

For statment of  other revenue, please refer to note 6(v) of the financial report.

For statment of  other gains and losses, please refer to note 6(v) of the financial report.

For statment of financial costs, please refer to note 6(v) of the financial report.