



2022 Annual Report



A. The company's spokesman, deputy spokesman, titles, phone number, and e-mail address

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Deputy spokesman: Chou Cheng-hsiung
Title: Vice president
Tel.: 02-6616-5500
E-mail: roger@e-can.com.tw

B. Addresses and phone numbers of headquarters, branches, and factories

Headquarters:
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Tel.: 02-6616-5500

C. Name, address, website address, and telephone of unit for stock-ownership transfer

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Website: <http://www.gcsc.com.tw/>
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Tel.: 02-2389-2999

D. Certified public accountants for the financial statement of the latest fiscal year, their accounting firm, address, e-mail address, and phone number

Names of CPAs: Chih Ping-chun, Lin Chun-yao
Accounting firm: PwC Taiwan Website: <http://www.pwc.com/tw>
Address: 27th fl., 333, Keelung Road, Sec. 1, Taipei City, Taiwan, 110
Tel.: 02-2729-6666

E. Place and method for overseas securities trading: nil

F. The company's website address: <http://www.e-can.com.tw>

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I. Letter to Shareholders

Dear Fellow Shareholders:

Looking back on the past year 2022, Taiwan's overall economic environment has been affected by unfavorable factors such as the outbreak of international wars, the continuous interest rate hikes of central banks, and global inflationary pressures that have led to rising oil prices and consumer prices. Taiwan's annual economic growth rate has been revised down to 2.43%. Facing the challenges of the overall business environment, all employees of Taiwan Pelican Express Co., Ltd, the Company, still insists on meeting the needs of consumers, and continue to actively develop new business opportunities such as chain channels and health food, and simultaneously adjust the unit price to reflect the rise in costs. Through digital optimization of internal processes, the Company improved its overall operating efficiency which reduced the impact of unfavorable factors on operating costs. With the pandemic easing gradually, the overall profit performance is not as good as it used to be in pandemic. However the Company's consolidated revenue still reached 4.5 billion yuan in Year 2022, an annual increase of 1%, and it still maintains the momentum of continuous growth year-on-year.

The following will report the operating status of year 2022 and the key points of operation in year 2023.

1. Review of 2022 annual operating results

(1) Description of revenue growth:

The revenue for year 2022 was NT\$4,509,706 thousand, an increase of 1% compared to 2021. The main reasons for the slowdown in revenue growth momentum are our main e-commerce platform customers continued to expand satellite warehouses, and broadened vendors bases which penetrate our existing market share. Besides, due to the impact of climate change, some traditional produces such as passion fruit, oyster, mango, and litchi suffered production reduction, resulting in the decline of our revenue and the change of overall revenue structure.

In the face of rapid changes in the market, our home delivery business unit not only stabilized our e-commerce customers business but also actively developed new customer sources, such as fast fashion appraels, grabbed business opportunities from the retail industry to virtual channels, and assists the government in the distribution of anti-epidemic packages. Our warehousing and logistics business unit is to broaden consumer goods warehousing and home appliances logistics and installation in the central and southern regions in Taiwan. Through continuous adjustment of business structure, the Company was to ensure overall revenue growth.

(2) Explanation on cost control and net profit for the current period:

The net income after tax for the current period was 176,442 thousand yuan, with 26.6% decline YoY (year on year), and the current operating income was 204,185 thousand yuan, with 28.2% decline YoY respectively. In terms of operation, here were

unfavorable circumstances in 2022. The first is oil prices surpassed by 3.8% compared to original expectations due to Ukraine invasion war. The second is the number of front-line personnel infected with the epidemic increased significantly due to the unblocking of the epidemic. And the third is uneven shipping volume causing in-transit Scheduling facing challenges due to the peak seasons such as the Spring Festival and Double 11. In order to ensure that the service is not affected, the company also quickly launched contingency measures, resulting in an increase in operating costs. The cost of its own personnel service drivers decreased by 6.1% YoY, but the cost of outsourcing increased by nearly 25% YoY. In addition, the future relocation plan of Xinzhuang plant also increased the cost of the Company.

Although the overall operation is still affected by the increase in the basic salary, labor insurance premium rate of the domestic labor law, the shortage of the labor force market due to the declining birth rate, and the increase in rental costs, the company continues to strengthen the digital transformation of internal operating processes and execute the gradual adjustment of the operating model. The implementation of barcode automatic reading equipment in the three transfer centers reduces labor manpower, saves the time of front-line employees, and improves overall operating efficiency which simultaneously controls costs and expenses, and mitigates the impact of operational shocks and challenges.

2. Summary of business plan in 2023

There are still many uncertainties at the overall economic outlook in 2023. The Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C (Taiwan), tends to be conservative in the outlook of Taiwan's overall annual economic growth rate. There would be similar operational challenges. However, in the post-epidemic era, changes in consumption and living habits have been driven. In addition to the booming e-commerce industry, the retail industry has also seized online business opportunities. It has also driven demand soaring of fresh low-temperature packages, and even cold chain logistics such as vaccines, pharmaceuticals, and health foods.

The following describes the key points of operation in 2023:

In the post-epidemic era, online business behavior has gradually become new normal of the industry trend. The market revenue growth rate has reached more than 20% for the past two consecutive years, which has not only created the continuous prosperity of the e-commerce industry but also has driven the retail industry to turn to the online development of all channels. The Company will also actively participate in assisting the transformation and development and collaboration with the online business of large-scale comprehensive retail (hypermarket), from home delivery to logistics and warehousing services, cold chain and chain channel (CVS) short-chain service planning which includes fresh food, daily necessities, frozen products, etc. And that expands industrial services, creates the next wave of growth momentum, and makes new business opportunities with synergy.

In recent years, consumers pay more attention to quality of life, health, and food safety. And that has not only driving consumers' demand for home delivery of low-temperature fresh produce, like fruits and vegetables, etc., but also the demand for home delivery of health food simultaneously causing growth rate with 20% above. Driven by the vaccine transportation, telemedicine and future aging business opportunities, we will also actively plan to provide comprehensive cold chain logistics services, enter the GDP certification market, and move towards higher added value logistics market.

Under the development of globalization, online shopping has also led to the substantial growth of cross-border e-commerce in recent years. Therefore, the company will also actively cooperate with cross-border operators to strive for cross-border e-commerce.

The main axis of the Company's operation is to continuously deepen the core competitiveness of information, and strive to develop smart logistics. The planning system automatically arranges routes, improves driving efficiency, simplifies manual paperwork before dispatching vehicles, and increases delivery time, and even makes rookie drivers get trained quickly and focus on delivery services; through system assistance, the management focus would be changed from "vehicle" to "people", so as to instantly remind driving and maintain driving safety. Actively implement corporate governance, and move towards green logistics and sustainable development. It is hoped that in the era of smart new life, it will not only bring more convenient services to consumers, but also strive to create greater benefits for shareholders and employees through continuous improvement in operational performance.

II. Corporate profile

A. Establishment date: Sept. 10, 1999

B. Corporate chronicle

- 1999 Setp. Approval of incorporation by the Ministry of Economic Affairs, with paid-in capital NT\$25,000,000
- 2000 July Inauguration of operation with home-delivery technology introduced from Nippon Express Co., Ltd.
- 2000 Aug. Launch of "convenience-store around-the-clock home delivery" service, in collaboration with FamilyMart and Hi-Life
- 2000 Sept. Debut of "substitute merchandise cost collection" service, the first among local home-delivery operators
- 2000 Oct. Debut of "TV shopping" home-delivery service, the first among local home-delivery operators
- 2001 Oct. Launch of home-delivery service for offshore islands Kinmen and Penghu
- 2002 Nov. Launch of "home-appliances logistics service"
- 2003 Nov. Launch of "low-temperature home-delivery" service for contracted customers
- 2006 Sept. Launch convenience store "low-temperature home-delivery" substitute collection service
- 2007 Dec. Launch of "credit-card swiping on delivery" service, the first in Taiwan
- 2010 Oct. Incorporation of Beijing Pelican Express Co., Ltd.
- 2011 April Inauguration of "airport luggage home-delivery service" at Taoyuan International Airport
- 2012 Aug. Formation of strategic alliance with B2C operator momo.
- 2012 Dec. Share listing on Taipei Exchange Emerging Stock Board, with stock code 2642, the first among local home-delivery operators
- 2014 March Introduction of fleet management system, establishment of operation control center
- 2014 Sept. Establishment of the low temperature department, formation of low-temperature vehicle fleet
- 2015 April Debut of "merchandise sale APP platform"
- 2016 March Passage of U.K. "PAS 2050 carbon footprint" certification, ahead of peers
- 2016 April Renewal of contract for luggage home-delivery service at Taoyuan International Airport

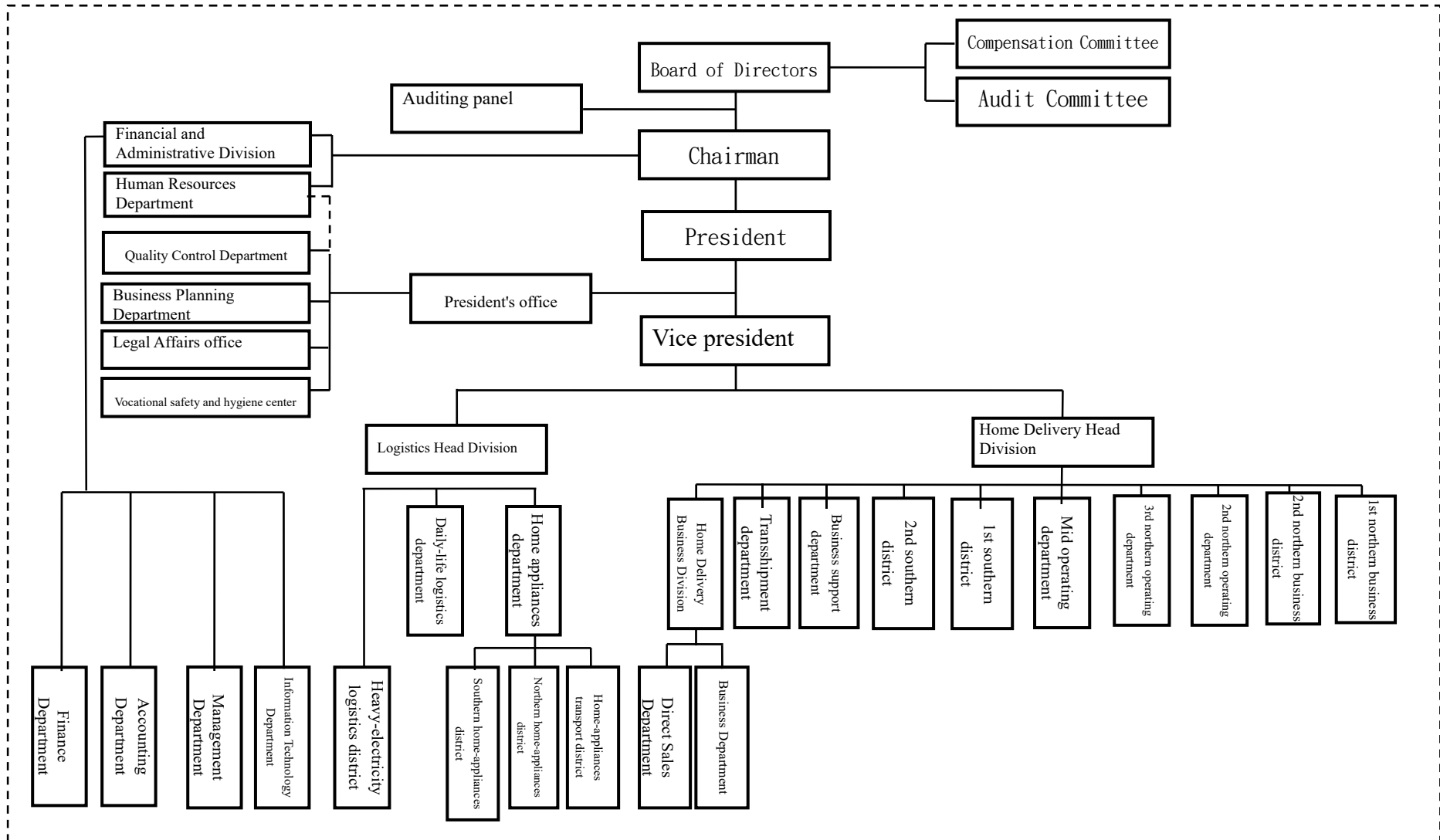
- 2016 Oct. Debut of "smart locker" service, the first in Taiwan, in collaboration with Taoyuan International Airport
- 2017 Jan. Launch of "self-service printer service for luggage collection by homecoming travelers," in collaboration with Taoyuan International Airport
- 2017 Feb. Debut of communal substitute-collection channel service, in collaboration with Happycloud International Inc.
- 2017 Feb. "Highway freight service carbon footprint" certification, ahead of domestic peers
- 2017 May Launch of smart consignment service, in collaboration with Palm Box
- 2017, June Launch of Green Island home-delivery service
- 2017 June Honor of "Logistics Home Delivery Golden Awards"
- 2017 Aug. Introduction of "automated merchandise sorting system," establishment of Taoyuan transshipment center"
- 2018 July Honor of national champion in the outstanding enterprise category of 15th "National Brand Yushan Award"
- 2018 Nov. Launch of exclusive "airport luggage home-delivery service" at Taipei Songshan Airport
- 2018 Dec. Passage of ISO 14064-1 international greenhouse-gas inventory standards certification
- 2019 Jan. Launch of "motor heavy electricity" service
- 2017 June Honor of quality enterprises of "2019 Jinping Awards"
- 2018 Aug. Honor of 2019 Wellbeing Enterprises in the category of logistics
- 2019 Dec. Undertaking of advance boarding-luggage land transportation service for Taoyuan International Airport
- 2020 May Dedication to green logistics, certification of "product carbon-abatement label" for the logistics industry
- 2020 July Upgrading of operating control center system with AIoT technology
- 2020 Sept Honor of "contribution award for most moving works" for "logistics and express delivery category"
- 2020 Nov. Honor of "Occupational Safety and Health Excellence Awards--excellent professional drivers," granted by the Ministry of Transportation and Communications
- 2021 May Honor of "model labor," granted by New Taipei/Taoyuan city governments
- 2021 Nov. Grade A award for hiring of indigenous people
- 2021 Nov. Honor of "Golden Award for Wellbeing Service Enterprise," granted by job

website 1111

- 2021 Nov. Introduction of "automated motor inspection system" for automated merchandise sorting equipment of Taoyuan transshipment center
- 2022 Jan. Launch of in-house logistics service at Taipei 101
- 2022 Feb. 2022 ESG-IPM logistics paradigm award granted by Orkin Taiwan
- 2022 Sept. Honor of excellent business granted by the National Taxation Bureau of the Northern Area, the Ministry of Finance
- 2022 Nov. Honor "2022 wellbeing service enterprise silver award" granted by job website 1111

III Corporater governance report

A. Organizational system



b. Responsibilities of major units

Unit	Major responsibilities
Auditing panel	Review the flaws of internal control, assess operating performance and efficiency, and provide improvement suggestions timely, to assure effective enforcement of internal control system continuously
Human Resources Department	Plan and execute human-resources policy and system, including planning and analysis of compensations system, performance management system, personnel training and development system, as well as development of various talent recruitment channels.
Business Planning Department	New business development, analysis of major investments, assistant for the president in formulating short-, medium-, and long-term business strategy and pushing of specific projects, assistance for various business units in performance analysis, flow improvement, and introduction of new business model
Legal Affairs Office	Legal consulting, contract review and handling or signing of major contracts, initiation and closing of litigations, settlement, arbitration
Vocational safety and hygiene center	All-employee safety and hygiene policy, guideline planning, evaluation, and supervision
Quality Control Department	Formulation, supervision, and tracking of service quality strategy, to assure customer satisfaction and review of operating flow for continuous improvement
Home Delivery Business Division	Integrate marketing, business project planning, development of large corporate customers, review and management of contracted customers, common and corporate customer services.
Business Department	<ul style="list-style-type: none"> ● Assist direct management and various operating units in developing large customers, to lay the foundation for business development. ● Run various home-delivery substitute-collection channels, to increase goods-collection benefits and service convenience, so as to push home-delivery substitute connection business effectively.
Direct Sales Department	<ul style="list-style-type: none"> ● Push various large-customer service projects.
Home Delivery Head Division	Plan home-delivery business strategy and execution plan, to induce development of home-delivery service business and attainment of operating targets.
Various Business Department, Districts	<ul style="list-style-type: none"> ● Formulate various area logistics strategies and plans and push various projects, to assure business performance and attainment of business targets. ● Analyze existing customers and potential markets, plan integration and establishment of logistics stations.
Business Supporting Department	Assistance in planning home-delivery operating system, so as to utilize home-delivery equipment effectively, raising operating efficiency and quality performance
Transshipment Department	Manage, supervisor, and implement daily goods collection, transshipment, goods sorting, and continuing delivery, to assure correct, safe, and punctual arrival of goods at various distribution units everyday
Logistics Head	Formulate logistics business strategy and execution plan, induce development of

Unit	Major responsibilities
Division	logistics business services and attainment of business targets.
Various Logistics Department	<ul style="list-style-type: none"> ● Formulate various area logistics strategies and plans and push various projects, to assure logistics performance and attainment of business targets. ● Analyze existing customers and potential markets, plan integration and establishment of logistics stations.
Financial and Administrative Division	Integrate formulation and execution of various strategies for information, finance, accounting, management, and procurement.
Finance Department	Based on financial expertise, formulate risk-management mechanism, so as to raise corporate finance quality and facilitate operating transparency.
Accounting Department	<ul style="list-style-type: none"> ● Accounting-system formation and accounting-affairs handling ● Provide management cost analysis and accounting information, to facilitate corporate management.
Management Department	<ul style="list-style-type: none"> ● Plan and handle general affairs, fixed-assets management, and management of procurement, terminal repair, lease-fee negotiation, and property insurance.. ● Outsourcing of vehicle maintenance and repair, fee review, and planning and taking out of insurance policy
Information Technology Department	Plan overall corporate information development target and strategy, formulate information security management policy and push information security, and manage information system programming and maintenance, plus hardware purchase and maintenance.

B. Data on directors, president, vice president, assistant vice president, and chiefs of various units and branches

March 31, 2023

Title	Nationality or registration site	Name	Gender Age	Date of election (assumption of) for office	Tenure	Date for first election (assumption) for office	Shareholding upon election (assumption of) for office		Current shareholding		Shareholding of spouse and minor children		Shareholding in others' names		Experience (education)	Concurrent positions in the company and other companies	Spouse or relatives within second kinship who are also chief, director, or supervisor of the company			Note
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Chairman	ROC	TECO Electric & Machinery Co., Ltd.	Female 61~70 of age	2021.08.11	3 years	2000.05.31	24,121,700	25.27%	24,121,700	25.27%	0	0	0	0	MBA, University of Michigan, President, TECO Electric & Machinery	Chairman of TECO Electric & Machinery Co., Ltd., TECO-Westinghouse Motor Company, Motovario S.p.A	-	-	-	-
		2007.06.01				0	0	0	0											
Directo	ROC	TECO Electric & Machinery Co., Ltd.	Male 81~90 of age	2021.08.11	3 years	2000.05.31	24,121,700	25.27%	24,121,700	25.27%	0	0	0	0	Bachelor of economics, Keio University, Japan Master of Economics, University of Pennsylvania, U.S. Chairman, TECO Electric & Machinery	Chairman of Century Development Corporation & Tong-An Investmne	-	-	-	-
		200,000					0.21%	200,000	0.21%											
Directo	ROC	TECO Electric & Machinery Co., Ltd.	Male 51~60 of age	2021.08.11	3 years	2000.05.31	24,121,700	25.27%	24,121,700	25.27%	0	0	0	0	Doctor of business administration, National Chengchi University President, Taiwan Pelican Express Master of science administration, National Chiaotung University Vice president, E-Joy Electronics International Co., Ltd.	Superintendent, smart life operating center, air conditioning and smart life business group, TECO Electric & Machinery President, TECO Tour Travel Service Co., Ltd. Director, Royal Park Taiwan Co., Ltd. Chairman of Pelican Express(Vietnam)CO., Ltd. (Relieved on Jul. 1, 2022)	-	-	-	-
		2018.05.23				0	0	0	0											
Directo	ROC	TECO Electric & Machinery Co., Ltd.	Male 51~60 of age	2021.08.11	3 years	2018.05.23	24,121,700	25.27%	24,121,700	25.27%	0	0	0	0	Bachelor of Business Administration, University of Southern California Director, TECO Electric & Machinery	Chairman of Ping Tung Bus Co., Ltd. and South Taiwan Bus	-	-	-	-
		2021.08.11				0	0	0	0											

Title	Nationality or registration site	Name	Gender Age	Date of election (assumption of) for office	Tenure	Date for first election (assumption) for office	Shareholding upon election(assumption of) for office		Current shareholding		Shareholding of spouse and minor children		Shareholding in others' names		Experience (education)	Concurrent positions in the company and other companies	Spouse or relatives within second kinship who are also chief, director, or supervisor of the company			Note
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Directo	ROC	TECO Electric & Machinery Co., Ltd.	Male 51~60 of age	2021.08.11	3 years	2021.08.11	24,121,700	25.27%	24,121,700	25.27%	0	0	0	0	Master of telecommunications engineering, U. of Pittsburgh, the U.S. EMBA, National Chengchi U. Software department, IBM, Tivoli SW Vice president (Greater China area) Vice president, Microsoft (China) and superintendent, public business group (Greater China area)	President, air conditioning and smart life business group, TECO Electric & Machinery Chairman, Tesen Electronics Co., Ltd. Chairman, Jiangxi Dongcheng Air Conditioning Equipment Co., Ltd. Chairman of Pelican Express(Vietnam)CO., Ltd.(Assumed the office on Jul. 1, 2022)				
		2016.06.14				0	0	0	0											
Directo	Japan	ITOCHU Taiwan Corporation	Male 51~60 of age	2021.08.11	3 years	2000.05.31	18,138,500	19.00%	18,138,500	19.00%	0	0	0	0	Bachelor of economics, Osaka City U., Japan Section chief, ITOCHU Corp. President, East Asian food business division, ITOCHU China	Chairman & president, ITOCHU Taiwan Corporation Director, Taipei Financial Center Corp. Supervisor, ITC Technology Taiwan Corp.	-	-	-	-
		2021.04.27				0	0	0	0											
Directo	Japan	ITOCHU Taiwan Corporation	Male 31~40 of age	2021.08.11	3 years	2021.08.11	18,138,500	19.00%	18,138,500	19.00%	0	0	0	0	Master of pharmacology, Kyoto U. Project manager, intelligence industry business division, ITOCHU Corp.	Intelligence/finance section chief, ITOCHU Taiwan Corporation	-	-	-	-
		2022.04.01				0	0	0	0											
Directo	ROC	AN-SHIN FOOD SERVICES CO., LTD.	Male 61~70 of age	2021.08.11	3 years	2021.08.11	1,703,000	1.78%	1,556,000	1.63%	0	0	0	0	Doctor of civil engineering, University of Washington Prof., Graduate Institute of Building and Planning, National Taiwan University Director, TECO Electric & Machinery	Chairman, AN-SHIN Food Services Co., Ltd. Chairman, AN-HUI Information Technology Co., Ltd. Chairman, AN-SHIN Food Services (Singapore) Pte. Ltd. Chairman, Xiamen MOS Dining Management, Inc.				
		2018.05.23				0	0	0	0											

Title	Nationality or registration site	Name	Gender Age	Date of election (assumption of) for office	Tenure	Date for first election (assumption) for office	Shareholding upon election (assumption of) for office		Current shareholding		Shareholding of spouse and minor children		Shareholding in others' names		Experience (education)	Concurrent positions in the company and other companies	Spouse or relatives within second kinship who are also chief, director, or supervisor of the company			Note
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Independent director	ROC	LIN WAN-YING	Female 61~70 of age	2021.08.11	3 years	2018.05.23	0	0	0	0	0	0	0	0	Doctor of accounting, Boston U. Associate professor, department of accounting, National Chengchi U.	Adjunct associate professor, department of accounting, National Chengchi U. Independent director, Wellell Inc. Independent director, Crystalvue Medical Corp.	-	-	-	-
Independent director	ROC	CHEN WUN-HWA	Male 61~70 of age	2021.08.11	3 years	2018.05.23	0	0	0	0	0	0	0	0	Doctor of business administration, State University of New York at Buffalo Founding dean, Business Administration, National Taiwan University Director, Chunghwa Post Co., Ltd.	Professor, Business Administration, National Taiwan University	-	-	-	-
Independent director	ROC	LIEN YUAN-LUNG	Male 61~70 of age	2021.08.11	3 years	2021.08.11	0	0	0	0	0	0	0	0	EMBA, National Taiwan University Bachelor of law, National Taiwan University Passage of national examination for attorney and judges/prosecutors Chairman, standing director, Taiwan Bar Association	Presiding lawyer, Shuangbang Legal Firm Independent director, Evergreen Steel Corp. Independent director, Mingtai Fire & Marine Insurance Co., Ltd.	-	-	-	-

Note 1: Peng Chi-tseng was first elected on June 16, 2016, with tenure from June 16, 2016 through May 27, 2018 before being reelected as member of the eighth board of directors on Aug. 11, 2021.

Note 2: Yamamoto Kazutoshi was appointed as representative of ITOCHU Taiwan Corporation on April 1, 2022.

1. Major shareholders of juridical-person shareholders :

March 31, 2023

Names of juridical-person shareholders	Major shareholders of juridical-person shareholders
TECO Electric & Machinery Co., Ltd.	PJ Asset Management (17.45%), WalsinLihwa Corporation (10.81%), Jaryuan Investment Co. Ltd. (6.34%)、Creative Sensor Co., Ltd. (2.87%), Ho Yuan International Investment Co., Ltd. (2.36%), Tong Kuang Investment Co., Ltd. (1.50%), Norges Bank (1.45%), Vanguard Emerging Markets Stock Index Fund (1.30%), Kuang Yuan Industrial Co., Ltd. (1.25%), Vanguard Total International Stock Index Fund (1.21%)
ITOCHU Taiwan Corporation	ITOCHU Corporation(100%)
AN-SHIN FOOD SERVICES CO., LTD.	Kuang Yuan Industrial Co., Ltd.(27.56%), MOS Food Services, Inc.(25%)

2. Major shareholders of juridical-person shareholders :

March 31, 2023

Names of juridical persons	Major shareholders of juridical-person shareholders
PJ Asset Management Co., Ltd.	Ho Yuang Management Consulting Co., Ltd. (100%)
WalsinLihwa Co., Ltd.,	Winbond Electronics Corp. (6.63%), Chin Hsing Investment Co., Ltd. (6.63%), investment account of Likuo Royal Bank under the custody of Standard Chartered Bank (6.38%), TECO Electric & Machinery (5.64%), Rong Chiang Co., Ltd. (4.92%), Chiao You-hui (2.92%), Hua Li Investment Co., Ltd. (2.87%), Chiao You-heng (1.75%), Hung Pai-yung (1.39%), Chiao You-chi (1.38%)
Jaryuan Investment Co., Ltd.	Ho Yuan International Investment Co., (99.89%), Chang Wei Management Consulting Co., Ltd. (0.11%)
Creative Sensor Co., Ltd.	Teco Image Systems (TIS) Co., Ltd. (19.39%), Universal Cement Corp. (8.83%), Tien Da Investment Co., Ltd. (8.26%)、Yu Jui Co., Ltd. (6.05%), Universal Cement Investment Co., Ltd. (6.04%), TECO Capital Investment Co., Ltd. (5.31%), Creative Sensor Co., Ltd. (treasury stock) (5.19%), Koryo Electronics Co., Ltd. (3.82%), TECO International Investment Co., Ltd. (3.56%), TECO Electric & Machinery (1.43%)
Ho Yuan International Investment Co., Ltd.	Tseng Shu-chuang(98%), Pai Shu-chen(2%)
Tung Kuang Investment Co., Ltd.	Kuang Yuan Industrial Co., Ltd.(39.28%), Huang LinHo-Huei(35.01%), Bright Lane Investment Limited(12.73%),Tong He Global Investment Co., Ltd. (6.00%), others(6.98%)
Kuang Yuan Industrial Co., Ltd.	Tung Kuang Investment Co., Ltd.(34.46%), Huang LinHo-Huei(51.58%), Bright Lane Investment Limited(10.0%), Tong He Global Investment Co., Ltd.(0.74%), others(3.22%)

Names of juridical persons	Major shareholders of juridical-person shareholders
ITOCHU Corp.	The Master Trust Bank of Japan, Ltd. (trust account) (17.71%) , Custody Bank of Japan, Ltd. (trust account) (5.57%) , EURO CLEAR BANK S.A. / N.V. (5.56%) , CP WORLDWIDE INVESTMENT COMPANY LIMITED (4.31%) , Nippon Life Insurance Company (2.31%) , Mizuho Bank, Ltd. (2.12%) ,Asahi Mutual Life Insurance Company (1.59%) , STATE STREET BANK WEST CLIENT - TREATY 505234 (1.47%) , SSBTC CLIENT OMNIBUS ACCOUNT (1.37%) , BNYM AS AGT/CLTS NON TREATY JASDEC (1.30%)
MOS Food Services, Inc.	The Master Trust Bank of Japan Ltd. (8.49%) 、 Kohbai Food Inc. (4.48%) 、 Duskin Co., Ltd. (4.21%) 、 Nitto Co., Ltd. (3.89%) 、 Nippon Life Insurance Company (3.87%) 、 Yamazaki Baking Co., Ltd. (2.30%) 、 Custody Bank of Japan (2.13%) 、 NH Foods Ltd. (1.38%) 、 STATE STREET BANK WEST CLIENT-TREARY(1.24%) 、 MOS Food Services Inc. (1.06%)

3. Disclosure of information on directors' professional qualifications and independent directors' independence

March 31, 2023

Names	Conditions	Professional qualifications and experience (note 1)	Status of independence conformance (note 2)	Number of concurrent positions as independent directors of other companies with public share offering (note 3)
TECO Electric & Machinery Co., Ltd.	Representative : CHIU CHWEN-JY	1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs 2. Without situations specified in article 30, the Company Act	(1) Serve as director and chairman of the company's affiliates. (2) For others, conformance to independence specified of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", promulgated by the Financial Supervisory Commission R.O.C. (Taiwan).	Nil
TECO Electric & Machinery Co., Ltd.	Representative : HUANG MAO-HSIUNG	1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs 2. Without situations specified in article 30, the Company Act	(1) Is the company's top ten natural-person shareholder. (2) Serve as chairman of the company's top five judicial-person shareholders (3) For others, conformance to independence specified of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", promulgated by the Financial Supervisory Commission R.O.C. (Taiwan).	Nil

Names	Conditions	Professional qualifications and experience (note 1)	Status of independence conformance (note 2)	Number of concurrent positions as independent directors of other companies with public share offering (note 3)
TECO Electric & Machinery Co., Ltd.	Representative : HSU CHING-YI	1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs 2. Without situations specified in article 30, the Company Act	(1) Serve as chairman of the company's affiliates, Pelican Express (Vietnam) CO., Ltd. (Relieved on Jul. 1, 2022) (2) For others, conformance to independence specified of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", promulgated by the Financial Supervisory Commission R.O.C. (Taiwan).	Nil
TECO Electric & Machinery Co., Ltd.	KUO TZU-YI	1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs 2. Without situations specified in article 30, the Company Act	(1) Conformance to independence specified of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", promulgated by the Financial Supervisory Commission R.O.C. (Taiwan).	Nil
TECO Electric & Machinery Co., Ltd.	PENG CHI-TSENG	1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs 2. Without situations specified in article 30, the Company Act	(1) Serve as chairman of the company's affiliates, Pelican Express (Vietnam) CO., Ltd. (Assumed the office on Jul. 1, 2022) (2) For others, conformance to independence specified of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", promulgated by the Financial Supervisory Commission R.O.C. (Taiwan).	Nil
ITOCHU Taiwan Corporation	Representative : MATSUI MANABU	1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs 2. Without situations specified in article 30, the Company Act	(1) Serve as representative of the company's top five judicial-person shareholders (2) For others, conformance to independence specified of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", promulgated by the Financial Supervisory Commission R.O.C. (Taiwan).	Nil
ITOCHU Taiwan Corporation	Representative	1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs	(1) Serve as representative of the company's top five judicial-person shareholders (2) For others, conformance to independence specified of "Regulations	Nil

Names	Conditions	Professional qualifications and experience (note 1)	Status of independence conformance (note 2)	Number of concurrent positions as independent directors of other companies with public share offering (note 3)
: YAMAMOTO KAZUTOSHI		2. Without situations specified in article 30, the Company Act	Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, promulgated by the Financial Supervisory Commission R.O.C. (Taiwan).	
AN-SHIN FOOD SERVICES CO., LTD. Representative : LIN CHIEN-YUAN		1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs 2. Instructor or higher positions for disciplines related to corporate business at public college 3. Without situations specified in article 30, the Company Act	(1) Conformance to independence specified of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, promulgated by the Financial Supervisory Commission R.O.C. (Taiwan).	Nil
LIN WAN-YING		1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs 2. Instructor for disciplines related to commerce, finance, corporate business for over 20 years at public college 3. Without situations specified in article 30, the Company Act	(1) Not having spouse or relatives within second degree of kinship who are also the directors, supervisors, or employees of the company or affiliates (2) Director herself and her spouse or relatives within second degree of kinship (or in the name of others) do not hold the company's shares. (3) Not holding the positions of director, supervisor, or employee at companies with special relationship with the company (as specified in article 3-1-5~8 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies") (4) No provision of such services as commerce, legal affairs, and accounting to the company and affiliates, as well as no collection of compensations, in recent two years.	2
CHEN WUN-HWA		1. Possession of work experience for handling commerce, finance, accounting,	(1) Not having spouse or relatives within second degree of kinship who are also the directors, supervisors, or employees of the company or	Nil

Names	Conditions	Professional qualifications and experience (note 1)	Status of independence conformance (note 2)	Number of concurrent positions as independent directors of other companies with public share offering (note 3)
	<ul style="list-style-type: none"> and corporate affairs 2. Instructor for disciplines related to commerce, finance, corporate business for over 20 years at public college 3. Without situations specified in article 30, the Company Act 	<ul style="list-style-type: none"> affiliates (2) Director himself and his spouse or relatives within second degree of kinship (or in the name of others) do not hold the company's shares. (3) Not holding the positions of director, supervisor, or employee at companies with special relationship with the company (as specified in article 3-1-5~8 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies") (4) No provision of such services as commerce, legal affairs, and accounting to the company and affiliates, as well as no collection of compensations, in recent two years. 		
LIEN YUAN-LUNG	<ul style="list-style-type: none"> 1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs for over 20 years 2. Licensed lawyer with passage of national examination 3. Without situations specified in article 30, the Company Act 	<ul style="list-style-type: none"> (1) Not having spouse or relatives within second degree of kinship who are also the directors, supervisors, or employees of the company or affiliates (2) Director himself and his spouse or relatives within second degree of kinship (or in the name of others) do not hold the company's shares. (3) Not holding the positions of director, supervisor, or employee at companies with special relationship with the company (as specified in article 3-1-5~8 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies") (4) No provision of such services as commerce, legal affairs, and accounting to the company and affiliates, as well as no collection of compensations, in recent two years. 	1	

Note 1: Professional qualification and experience: Specify the professional qualification and experience of individual directors and supervisors, plus specification of accounting or financial background and work experience for auditing-committee members with accounting or financial experience, in addition to explanation on involvement or not in various situations specified in article 30 of the Company Act.

Note 2: In the case of independent directors, specify their conformance to independence, including, but not limited to, holding or not, of such positions as director, supervisor, or employee by himself/herself, spouse, relatives within second-degree kinship; holding of company shares and percentages by himself/herself, spouse, and relatives within second-degree kinship (or in the name of others); holding or not of the positions of director, supervisor, or employee at companies with special relationship with the company (as specified in article 3-1-5~8 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"); compensations for provision of such services as commerce, legal affairs, and accounting to the company and affiliates in recent two years.

4. Diversification and independence of the board of directors

4.1 Diversification of the membership of the board of directors

According to the corporate charter, candidates for the seats on the company's board of directors are nominated, in line with "measures governing election of directors" and "corporate governance best practice principles," to assure the diversity and independence of the membership of the board of directors, with the membership diversification policy and materialization as follows: .

- (1) The company's 8th board of directors consists of 11 members (including three independent directors), who were selected according to the "corporate governance best practice principles," based on the basis principles of professionalism and diversity, with their backgrounds spanning management, corporate operation, financial analysis and accounting, industrial knowledge, and law, possessing such abilities as crisis management, international-market perspective, and leadership/decision making.
- (2) There are two females members (18%) and two Japanese members (18%) on the board of directors, with six directors aged over 60, four in the 50-60 bracket, and one less than 40 of age.
- (3) Members of the board of directors generally possess knowledge, skills, and literacy needed for the fulfillment of their duties, including chairman Chiu Chwen-jy, director Huang Mao-hsiung, and director Matsui Manabu boasting expertise in leadership/decision making, business judgment, and management, plus insightful international-market perspective; directors Lin Chien-yuan, Kuo Tzu-yi, Peng Chi-tseng, Hsu Ching-yi, and Yamamoto Kazutoshi having abundant literacy in corporate governance, as well as rich experience in corporate management, business judgment, and industrial knowledge. Among independent directors, Lin Wan-ying and Chen Wun-hwa are both teachers at topnotch colleges, with expertise in accounting and financial analysis, and Lien Yuan-lung is a practicing lawyers, a prestigious figure in the judicial field. Backed by their expertise and experience, members of the board of directors can offer professional opinions to corporate management from various angles, making valuable contribution to corporate development.
- (4) In the future, in line with the operation of the board of directors, operating type, and development need, the diversification policy will be revised, including, but not limited to, fundamental conditions and values and standards for professional knowledge and skills, to assure possession of necessary knowledge, skills, and literary by members of the board of directors for fulfilling their duties.

4.2 Independence of the board of directors

According to the rules on share listing, the company has obtained written statements from every independent non-executive director, assuring the independence of them and their direct family relative to the company. The company now has three independent directors, 27% of the total seats of the board of directors.

There is no situations specified in article 26-3-3 and 26-3-4 of the Securities & Exchange Act for all the directors, whose brief resumes are listed on pages of the annual report and the company's website.

(b) Data on president, vice presidents, assistant vice presidents, and chiefs of various unis and branches

March 31, 2023

Title	Nationality	Name	Gender	Date of assumption of office	Shareholding		shareholding of spouse and minor children		Shareholding in others' names		Experience (education)	Concurrent positions in other companies	Spouse or relatives within second kinship who are also managerial staffers of the company			note
					Number of shares	percentage of shareholding	Number of shares	percentage of shareholding	Number of shares	percentage of shareholding			Title	Name	Relationship	
President	ROC	Peng Chi-tseng (note)	Male	2022.07.01	0	-	0	-	0	-	Master of telecommunications engineering, U. of Pittsburgh, the U.S. EMBA, National Chengchi U. Software department, IBM, Tivoli SW Vice president (Greater China area) Vice president, Microsoft (China) and superintendent, public business group (Greater China area)	President, air conditioning and smart life business group, TECO Electric & Machinery Chairman, Tesen Electronics Co., Ltd. Chairman, Jiangxi Dongcheng Air Conditioning Equipment Co., Ltd.				
Vice president	ROC	Chou Cheng-hsung	Male	2000.04.30	5,000	0.01%	0	-	0	-	MBA, National Chengchi U. Standing director, Route-Permitted Truck Transportation United Associations		-	-	-	-
Assistant vice president, management head division	ROC	Wang Po-kang	Male	2021.04.01	0	-	0	-	0	-	MBA, U. of Pittsburg of the U.S. Bachelor of accounting, National Taiwan U. CFO, Shanghai Ordifen Co., Ltd.	Supervisor, Tesen Electronic Co., Ltd. Supervisor, A-OK Technical Service Co., Ltd.	-	-	-	-

Note: President Peng Chi-tseng assumed the office on July 1, 2022

C. Compensations for directors, president, and vice presidents

(a) Compensations for directors and independent directors

Unit: NT\$1,000

Title	Name	Compensations for directors								Share of the total of A, B, C, and D in after-tax net profit		Collection of related compensations by part-time employee								Share of the total of A, B, C, D, E, F, and G in total after-tax net profit		Collection of compensations from invested companies other than subsidiaries or parent company			
		Compensations (A)		Retirement fund (B)		Compensations for directors (C)		Business execution fees(D)				Salary, bonus, and special allowance (E)		Retirement fund (F)		Employee compensation (G)									
		The company	All the companies in financial statement	The company	All the companies in financial statement	The company	All the companies in financial statement	The company	All the companies in financial statement	The company	All the companies in financial statement	The company	All the companies in financial statement	The company	All the companies in financial statement	The company		All the companies in financial statement		The company	All the companies in financial statement				
																		Cash	Stock value	Cash	Stock value				
Chairman	TECO Electric & Machinery Co., Ltd. Representative : CHIU CHWEN-JY																								
Director	TECO Electric & Machinery Co., Ltd. Representative : HUANG MAO-HSIUNG																								
Director	TECO Electric & Machinery Co., Ltd. Representative : HSU CHING-YI																								
Director	TECO Electric & Machinery Co., Ltd. Representative : KUO TZU-YI	-	-	-	-	4,591	4,591	271	271	4,862	4,862	2,196	2,196	2,454	2,454	4	-	4	-	9,516	9,516				
Director	TECO Electric & Machinery Co., Ltd. Representative : PENG CHI-TSENG									2,76%	2,76%									5,39%	5,39%				
Director	ITOCHU Taiwan Corporation Representative : MATSUI MANABU																								
Director	ITOCHU Taiwan Corporation Representative : YAMAMOTO KAZUTOSHI																								
Director	AN-SHIN FOOD SERVICES CO., LTD. Representative : LIN CHIEN-YUAN																								
Independent director	LIN WAN-YING																								
Independent director	LIEN YUAN-LUNG	720	720	-	-	2,160	2,160	150	150	3,030	3,030	-	-	-	-	-	-	-	-	3,030	3,030				
Independent director	CHEN WUN-HWA									1.72%	1.72%									1.72%	1.72%				

1. Describe the compensation policy, system, standard, and structure for independent directors, as well as the linkage between compensations and their responsibilities, risk and invested time:
According to the company's "measures governing payout of compensations for directors," independent directors, who have to bear corresponding responsibilities and risks, are offered compensations in the form of "fixed amount for periodic payment," with their compensations also included in the total quota for directors.

2. Collection of compensations by directors for provision of services to any of the companies in the financial statement in the recent year, other than those disclosed in the table above (such as consulting as non-employees): nil

Note 1: The company's board of directors resolved to pay out NT\$6,751,000 for 2022 compensations for directors.

Compensations brackets

Compensations brackets for the company's directors	Names of directors			
	Total of first four items (A+B+C+D)		Total of first seven items (A+B+C+D+E+F+G)	
	The company	All the companies in the financial statement	The company	All the companies in the financial statement I
Less than NT\$1,000,000	TECO Electric & Machinery Co., Ltd. representative HUANG MAO-HSIUNG, TECO Electric & Machinery Co., Ltd. representative PENG CHI-TSENG, TECO Electric & Machinery Co., Ltd. representative HSU CHING-YI, TECO Electric & Machinery Co., Ltd. representative KUO TZU-YI, AN-SHIN FOOD SERVICES CO., LTD. representative LIN CHIEN-YUAN, ITOCHU Taiwan Corporation representative MATSUI MANABU, ITOCHU Taiwan Corporation representative YAMAMOTO KAZUTOSHI, independent directors CHEN WUN-HWA, LIN WAN-YING, LIEN YUAN-LUNG	TECO Electric & Machinery Co., Ltd. representative HUANG MAO-HSIUNG, TECO Electric & Machinery Co., Ltd. representative PENG CHI-TSENG, TECO Electric & Machinery Co., Ltd. representative HSU CHING-YI, TECO Electric & Machinery Co., Ltd. representative KUO TZU-YI, AN-SHIN FOOD SERVICES CO., LTD. representative LIN CHIEN-YUAN, ITOCHU Taiwan Corporation representative MATSUI MANABU, ITOCHU Taiwan Corporation representative YAMAMOTO KAZUTOSHI, independent directors CHEN WUN-HWA, LIN WAN-YING, LIEN YUAN-LUNG	TECO Electric & Machinery Co., Ltd. representative HUANG MAO-HSIUNG, TECO Electric & Machinery Co., Ltd. representative PENG CHI-TSENG,, TECO Electric & Machinery Co., Ltd. representative KUO TZU-YI, AN-SHIN FOOD SERVICES CO., LTD. representative LIN CHIEN-YUAN, ITOCHU Taiwan Corporation representative MATSUI MANABU, ITOCHU Taiwan Corporation representative YAMAMOTO KAZUTOSHI, independent directors CHEN WUN-HWA, LIN WAN-YING, LIEN YUAN-LUNG	TECO Electric & Machinery Co., Ltd. representative HUANG MAO-HSIUNG, TECO Electric & Machinery Co., Ltd. representative PENG CHI-TSENG,, TECO Electric & Machinery Co., Ltd. representative KUO TZU-YI, AN-SHIN FOOD SERVICES CO., LTD. representative LIN CHIEN-YUAN, ITOCHU Taiwan Corporation representative MATSUI MANABU, ITOCHU Taiwan Corporation representative YAMAMOTO KAZUTOSHI, independent directors CHEN WUN-HWA, LIN WAN-YING, LIEN YUAN-LUNG
NT\$1,000,000(inclusive) ~ 2,000,00(exclusive)	TECO Electric & Machinery Co., Ltd. representative CHIU CHWEN-JY	TECO Electric & Machinery Co., Ltd. representative CHIU CHWEN-JY	TECO Electric & Machinery Co., Ltd. representative CHIU CHWEN-JY	TECO Electric & Machinery Co., Ltd. representative CHIU CHWEN-JY
NT\$2,000,000(inclusive) ~ 3,500,000(exclusive)				
NT\$3,500,000(inclusive) ~ 5,000,000(exclusive)			TECO Electric & Machinery Co., Ltd. representative HSU CHING-YI	TECO Electric & Machinery Co., Ltd. representative HSU CHING-YI
NT\$5,000,000(inclusive) ~ 10,000,000(exclusive)				
NT\$10,000,000(inclusive) ~ 15,000,000(exclusive)				
NT\$15,000,000(inclusive) ~ 30,000,000(exclusive)				
NT\$30,000,000(inclusive) ~ 50,000,000(exclusive)				
NT\$50,000,000(inclusive) ~ 100,000,00(exclusive)				
Over NT\$100,000,000				
Total	12 persons	12 persons	12 persons	12 persons

(b) Compensations for president and vice presidents

Unit: NT\$1,000

Title	Name	Salary(A)		Severance or retirement pay(B)		Incentive pay and special allowance(C)		Value of employee compensations(D)				Share of the total of A, B, C, and D in after-tax net profit (%)		Collection of compensations from invested enterprises other than subsidiaries or parent company
		The company	All the companies in the financial statement	The company	All the companies in the financial statement	The company	All the companies in the financial statement	The company		All the companies in the financial statement		The company	All the companies in the financial statement	
								Cash value	Stock value	Cash value	Stock value			
President	PENG CHI-TSENG	3,908	3,908	3,200	3,200	1,362	1,362	10	0	10	0	8,480 4.81%	8,480 4.81%	0
President	HSU CHING-YI													
Vice president	CHOU CHENG-HSIUNG													
Assistant vicepresident	WANG PO-KANG													
Assistant vicepresident	LIU SHIH-CHANG													

Note: Peng Chi-tseng took over the presidency from Hsu Ching-yi on July 1, 2022, while Liu Shih-chang was relieved of the office of assistant vice president on Oct. 25, 2022.

Compensation brackets

Bracket of compensations for the company's president and vice presidents	Names of president and vice presidents	
	The company	All the companies in the financial statement
Less than NT\$1,000,000		
NT\$1,000,000(inclusive)~ 2,000,000(exclusive)	PENG CHI-TSENG, CHOU CHENG-HSIUNG, WANG PO-KANG, LIU SHIH-CHANG	PENG CHI-TSENG, CHOU CHENG-HSIUNG, WANG PO-KANG, LIU SHIH-CHANG
NT\$2,000,000(inclusive)~ 3,500,000(exclusive)		
NT\$3,500,000(inclusive)~ 5,000,000(exclusive)	HSU CHING-YI	HSU CHING-YI
NT\$5,000,000(inclusive)~ 10,000,000(exclusive)		
NT\$10,000,000(inclusive)~ 15,000,000(exclusive)		
NT\$15,000,000(inclusive)~ 30,000,000(exclusive)		
NT\$30,000,000(inclusive)~ 50,000,000(exclusive)		
NT\$50,000,000(inclusive)~ 100,000,000(exclusive)		
Over NT\$100,000,000		
Total	5 persons	5 persons

(c) Payout of compensations for managers

Unit: NT\$1,000

	Title	Name	Stock valu	Cash	Total	Share of total in after-tax net profit (%)
Managers	President	PENG CHI-TSENG	-	10	10	0.006%
	President	HSU CHING-YI				
	Vice president	CHOU CHENG-HSIUNG				
	Assistant vicepresident	WANG PO-KANG				
	Assistant vicepresident	LIU SHIH-CHANG				

Note: Peng Chi-tseng took over the presidency from Hsu Ching-yi on July 1, 2022, while Liu Shih-chang was relieved of the office of assistant vice president on Oct. 25, 2022.

(d) Share of compensations paid by the company and all the companies in the consolidated financial statement to the company's directors, president, and vice presidents in the after-tax net profits in individual or consolidated financial statement in recent two years and explain the policy, standards, and composition of compensations payout, procedure for setting compensations, and its correlation with business performance.

1. Share of total compensations for directors, independent directors, president, and vice presidents in after-tax net profit in individual and consolidated financial statement:

Unit: NT\$1,000

Year	Total compensations for directors, president, and vice presidents	Share in after-tax net profit (%)
2022	12,966	7.35
2021	12,732	5.29

2. The policy, standards, and makeup for the payout of compensations, the procedure for the determination of compensations. and its correlation with business performance

- (1) According to the revised Company Act promulgated in May 2015 and the company's revised corporate charter approved shareholders' meeting in May 2016, the company appropriates 0.5-1.5% of pretax profits, after deducting payout for compensations for directors and employees, as employee bonus and up to 3% as director bonus. In line with the company's "measures governing payout of compensations for directors" and "measures governing performance evaluation for the board of directors," the company pays reasonable compensations to directors and managerial staff, according to the extent of their participation in corporate operation and personal performance and contribution, in addition to irregular review of the system on the compensations for directors and managerial staff timely, according to business status and related law/regulation.
- (2) Compensations for president and vice presidents, including salaries, bonus, employee compensations, are determined on the basis of their positions and responsibilities, as well as target attainment rates, margin, operating benefits, and contributions, evaluated according to the company's "measures governing payout

of employee compensations," "measures governing performance evaluation," and incentive pay system for high-ranking managers."

- (3) The company sets compensations for directors at a reasonable level, according to overall operating performance, industrial development trend, and operating risks, as well as contributions to corporate performance, evaluated according to "measures governing performance evaluation for the board of directors." The compensations committee and the board of directors review performance evaluation and reasonableness of compensations, in addition to compensations system, according to business status and related law/regulation, to attain balance between sustainable operation and risk management.

D. Status of the operation of corporate governance

(a) Operation of the board of directors

The board of directors convened seven times in 2022, with the attendances of directors listed below:

Title	Name	Number of attendance	Number of attendance via proxy	Attendance rate (%)	Note
Chairman	TECO Electric & Machinery Co., Ltd. Representative : CHIU CHWEN-JY	7	0	100%	Reelected on 2021.8.11 (required number of attendance 7)
Director	TECO Electric & Machinery Co., Ltd. Representative : HUANG MAO-HSIUNG	6	0	86%	Reelected on 2021.8.11 (required number of attendance 7)
Director	TECO Electric & Machinery Co., Ltd. Representative : PENG CHI-TSENG	7	0	100%	Elected for 1st time on 2021.8.11 (required number of attendance 7)
Director	TECO Electric & Machinery Co., Ltd. Representative : HSU CHING-YI	7	0	100%	Reelected on 2021.8.11 (required number of attendance 7)
Director	TECO Electric & Machinery Co., Ltd. Representative : KUO TZU-YI	7	0	100%	Elected for 1st time on 2021.8.11 (required number of attendance 7)
Director	AN-SHIN FOOD SERVICES CO., LTD. Representative : LIN CHIEN-YUAN	7	0	100%	Elected for 1st time on 2021.8.11 (required number of attendance 7)
Director	ITOCHU Taiwan Corporation Representative : MATSUI MANABU	7	0	100%	Reelected on 2021.8.11 (required number of attendance 7)
Director	ITOCHU Taiwan Corporation Representative : YAMAMOTO KAZUTOSHI	6	0	100%	Elected for 1st time on 2022.4.1 (required number of attendance 6)
Director	ITOCHU Taiwan Corporation Representative : YUKI HORIUCHI	1	0	100%	Elected for 1st time on 2021.8.11, but quit on 2022.3.31, (required number of attendance 1)

Independent director	LIN WAN-YING	7	0	100%	Reelected on 2021.8.11 (required number of attendance 7)
Independent director	LIEN YUAN-LUNG	7	0	100%	Reelected on 2021.8.11 (required number of attendance 7)
Independent director	CHEN WUN-HWA	7	0	100%	Elected for 1st time on 2021.8.11 (required number of attendance 7)
Other items mandating record:					
a. In case there occurs one of the following situations, related information should be specified, including date of the board meeting, term of the board of directors, contents of agenda, opinions of all the independent directors, and handling of the opinions by the company:					
(a) Cases listed in article 14-3 of the Securities and Exchange Act: please see the table below					
(b) Except the aforementioned items, resolutions of the board of directors with opposition, or reserved opinions, by any independent director on record or in written form: nil.					
Board of directors	Contents of agenda and subsequent handling	Items listed in article 14-3 of the Securities and Exchange Act	Contrary or reserved opinion of independent director with		
8th board of directors, 4th meeting 2022/02/23	1. Payout for 2021 compensations for directors	V			
	2. Payout for 2021 compensations for employees	V			
	3. Distribution of 2021 earnings	V			
	4. Move of "Taipei transshipment center" and construction of new plant building	V			
	5. Commissioning for construction of the new plant building of "Taipei transshipment center"	V			
	Opinion of independent directors: nil °				
	The company's subsequent handling of independent directors's opinions: nil				
Resolution: Passage with agreement of all the directors in attendance					
8th board of directors, 5th meeting 2022/05/05	1. Commissioning of CPAs for Q2 2022 through Q1 2023 and CPA fee	V			
	2. Replacement of old home-delivery vehicles with new ones	V			
	3. Revision of "procedures for handling material inside information and preventing insider trading"	V			
	Opinion of independent directors: nil				
The company's subsequent handling of independent directors' opinions: nil					
Resolution: Passage with agreement of all the directors in attendance					
8th board of directors, 7th meeting 2022/06/17	1. Change of high-ranking manager	V			
	Opinion of independent directors: nil				
	The company's subsequent handling of independent directors's opinions: nil				
Resolution: Passage with agreement of all the directors in attendance					
8th board of directors, 8th meeting 111/08/04	1. Acknowledgment of the continuing lease of the Xinzhuang plant premises from the company's related party	V			
	2. Revision of "procedure for acquisition or disposal of assets"	V			
	3. Closedown of subsidiary "Singapore Pelican Express Co., Ltd."	V			
	Opinion of independent directors: nil				
The company's subsequent handling of independent directors's opinions: nil					
Resolution: Passage with agreement of all the directors in attendance					
8th board of directors, 9th meeting 2022/11/04	1. Revision of "Rules of Procedure for Board of Directors Meetings"	V			
	Opinion of independent directors: nil				
	The company's subsequent handling of independent directors's opinions: nil				
Resolution: Passage with agreement of all the directors in attendance					
8th board of directors, 10th meeting 2022/12/15	1. Change of accounting chief	V			
	Opinion of independent directors: nil				
	The company's subsequent handling of independent directors's opinions: nil				
Resolution: Passage with agreement of all the directors in attendance					
8th board of	1. Payout for 2022 compensations for directors	V			

directors, 11th meeting 2023/02/23	2.	Payout for 2022 compensations for employees	V	
	3.	Distribution of 2022 earnings	V	
	4.	Change of contracted builder for "Taipei transshipment center" and budget increase	V	
	5.	Change of CPAs for financial statement	V	
	Opinion of independent directors: nil			
The company's subsequent handling of independent directors's opinions: nil				
Resolution: Passage with agreement of all the directors in attendance				

Other items mandating record:

B. For abstention of cases by directors due to involvement of related interests, specify the names of directors, contents of agenda, reasons for abstention, and situation of voting:

1. 4th meeting of 8th board of directors (2022/02/23)

Contents of case: Commissioning for construction of the new plant building of "Taipei transshipment center"

Reasons for abstention, and situation of voting: Chairman Chiu Chwen-jy, director Huang Mao-hsiung, and president Peng Chi-tseng abstained from the case, due to concurrent positions at Century Development Corp., a TECO subsidiary and parent company of the project's contracted builder Shih Cheng Construction Co., Ltd. Therefore, they left the meeting temporarily without taking part in the discussion and voting for the case, with chairman Chiu Chwen-jy designating independent director Lin Wan-ying as the acting chairman of the meeting.

Resolution: The proposal was passed, without opposition from any other directors in attendance, authorizing Chairman Chiu Chwen-jy, director Huang Mao-hsiung, and president Peng Chi-tseng to negotiate with Shih Cheng Construction Co., Ltd. for the management fee of the project.

2. 7th meeting of 8th board of directors (2022/06/17)

Contents of case: Change of high-ranking manager

Reasons for abstention, and situation of voting: Directors Hsu Ching-yi and Peng Chi-tseng left the meeting temporarily without taking part in the discussion and voting for the case, due to the involvement of their interests in the case.

3. 8th meeting of 8th board of directors (2022/08/04)

Contents of case: Acknowledgment of the continuing lease of the Xinzhuang plant premises from the company's related party

Reasons for abstention, and situation of voting: Chairman Chiu Chwen-jy, director Huang Mao-hsiung, and president Peng Chi-tseng abstained from the case, due to concurrent positions at Tong An Assets Development and Management Co., Ltd., a TECO subsidiary and landlord of the plant premises. Therefore, they left the meeting temporarily without taking part in the discussion and voting for the case, with chairman Chiu Chwen-jy designating independent director Lin Wan-ying as the acting chairman of the meeting.

C. Target for intensifying the function of the board of directors and evaluation of their implementation in the current year and latest year:

1. In line with global corporate-governance current and with TWSE (Taiwan Stock Exchange) "Corporate Government Best Practice Principles for TWSE/TPEX Listed Companies" as reference, the company's board of directors resolved to formulate the "corporate governance best practice principles" at its meeting on June 14, 2013. Subsequently, in order to strengthen the structure of the board of directors and diversify its membership, plus institution of a corporate governance unit consisting of part-time staffers,

the board of directors passed revision of the company's "corporate governance best principles" at its meeting on March 14, 2017, in line with the instruction of the TWSE (Mail No. 1050018981, dated Sept. 30, 2016). To understand the contents of liability insurance for directors, the board of directors passed the second revision of the corporate governance best principles" at its meeting on March 7, 2018.

2. To materialize corporate governance and social responsibility, in line with the requirements of the new indicators of 2nd corporate governance valuation and with TWSE "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" as reference, the company's board of directors resolved to formulate the "corporate social responsibility best practice principles" at its meeting on Nov. 10, 2015.

3. Based on the ethical management concept of honest, transparency, and responsibility and for strengthening a corporate culture of ethical management and creating a sustainable management environment, with TWSE "Ethical Corporate Management Best Principles for TWSE/TPEX Listed Companies" as reference, the

company's board of directors resolved to formulate the "ethical corporate management best principles" at its meeting on Nov. 7, 2014. Subsequently, in line with the policy of the Financial Supervisory Commission (FSC) calling for institution of a unit dedicated to the formulation of ethical management policy and supervision of its implementation, the company's board of directors resolved to revise the "ethical corporate management best principles" at its meeting on March 14, 2017. The principles were revised for the second time by the board of directors at its meeting on Feb. 26, 2020, according to the instruction of the TWSE (mail No. 1080008378, dated May 23, 2019), in line with the policy of the Financial Supervisory Commission calling for materialization of internal- control and -auditing mechanism. In order to materialize the ethical management policy and prevent unethical behaviors actively, the company formulated "operating regulations for ethical management" on Feb. 1, 2021, specifying noticeable items for employees of their execution of duties.

4. In order to materialize corporate governance and intensify the functions of the board of directors, via setup of performance targets, in line with article 37 of the TWSE "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," the company's board of directors resolved to formulate "measures governing performance evaluation for the board of directors" at its meeting on Nov. 10, 2015. In line with requirements of new indicators of corporate governance evaluation and with TWSE template as reference (TWSE mail No. 1090009468, dated June 3, 2020), the company's board of directors resolved to revise the "measures governing performance evaluation for the board of directors" at its meeting on Dec. 15, 2021. The board of directors has carried out annual self-evaluation of its performance from 2015 for submission of the result to the board of directors for review and improvement by the end of the first quarter next year.
5. To institute good corporate governance and help the board of directors execute its duties and augment its performance, in line with the instruction of the TWSE (mail No. 10700253951, dated May 8, 2019), the board of directors resolved to formulate "standard operating procedure for handling requests of directors" at its meeting on May 8, 2019.
6. To provide guidance for the selection and evaluation of certified public accountants and establish a good corporate government system, according to article 29 of the company's "corporate governance best practice principles," the board of directors resolved to formulate "measures governing selection and evaluation of certified public accountants" at its meeting on Dec. 25, 2015, according to which the company has evaluated the objectivity and independence of certified public accounts annually since 2016.

Status of performance evaluation for the board of directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
At least once a year	2022/01/01~ 2022/12/31	Entire board of directors	Self evaluation by the board of directors	There are 45 evaluation items in five aspects: A. Extent of participation of corporate operation B. Enhancement of the decision-making quality of the board of directors C. Makeup and structure of the board of directors D. Election of directors and continuing study E. Internal control
At least once a year	2022/01/01~ 2022/12/31	Individual directors	Self-evaluation by directors	There are 23 items in six major aspects for the self-evaluation by 11 directors (including independent directors) A. Grasp of corporate target and mission B. Understanding of directors' duties C. Extent of participation in corporate operation D. Management and communications for internal relationship E. Expertise and continuing study

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
				F. Internal control
At least once a year	2022/01/01~ 2022/12/31	Functional committees	Self evaluation by functional committees	There are 23 items in five major aspects for the self evaluation: A. Extent of participation in corporate operation B. Understanding of the committee's duties C. Enhancement of the quality of functional committees' duties D. Composition of functional committees and selection of committee members E. Internal control

1. Internal performance evaluation by the board of directors was carried out in 2022, according to the company's "measures governing performance evaluation for the board of directors."
2. The evaluated units and evaluation scope are entire board of directors, individual directors, and functional committees and the evaluation period was 2022/1/1-2022/12/31, with the president's office and human-resources division handling evaluation operation and report and auditing take force being evaluation and auditing unit.
3. Of the 45 items in the self-evaluation questionnaire for the board of directors, the result for 41 items was five points, with the remaining four items scoring four points, representing 98.2% attainment rate. For the 23 items in the self-evaluation questionnaire for individual directors, scores were four or five points, with the attainment rate averaging 98.7%. Of the 22 items in the self-evaluation questionnaire for the audit committee, there were 18 items with five points and four items with four points, with 96.4% attainment rate, while of the 17 evaluation items for the compensations committee, there were 15 items with five points and two with four points, with 96.4% attainment rate. Self evaluation for the performance of the board of directors in 2022 started from Dec. 2022, with the results having been reported to the 8th board of directors at its 11th meeting on Feb. 23, 2023.

(b) Status of the operation of auditing committee:

The company's audit committee was set up on May 7, 2013, substituting for the original system of supervisors, with its members being independent directors (three), who elects one among them as convener and chairman of its meetings. It operates, according to the company's "organizational charter for audit committee."

Tenure of the members of the current audit committee: Aug. 11, 2021 through Aug. 10, 2024. In 2022, the audit committee convened for times (A), with status of attendance by independent directors as follows:

Title	Name	Number of attendance (B)	Number of attendance via proxy	Attendance rate (%) (B/A) (note 1, note 2)	Note
Independent director	LIN WAN-YING	4		100%	Reelected on Aug. 11, 2021, convener for a continuing term (need to attend four times)
Independent director	CHEN WUN-HWA	4		100%	Reelected on Aug. 11, 2021 (need to attend four times)
Independent director	LIEN YUAN-LUNG	3	1	75%	Elected for 1st time on Aug. 11, 2021 (need to attend four times)

Other items mandating registration:

a. For one of the following situations, specify date and term of meeting of the auditing committee, contents of agenda, contrary opinions or reserved opinions of independent directors, and major suggestions, resolutions of the auditing committee, and handling of the auditing committee's opinions by the company:

- Items specified in Article 14-5 of Securities & Exchange Act
- Other items approved by over two thirds of all the directors without passage by the auditing committee beforehand

Auditing committee	Contents of agenda and subsequent handling	Items specified in Article 14-5 of Securities & Exchange Act	Other items approved by over two thirds of all the directors without passage by the auditing committee beforehand
Fourth auditing committee 3rd meeting 2022/02/17	1. The company's 2021 business report and financial statement	√	
	2. Distribution of the company's 2021 earnings	√	
	3. Self evaluation of the company's internal control in 2021 and production of internal control statement	√	
	4. Move of "Taipei transshipment center" and construction of new plant building	√	
	5. Commissioning for construction of the new plant building of "Taipei transshipment center"	√	
	Resolution of the auditing committee: Passage with no opposition from any members in attendance upon inquiry by the chairman followed by the submission to the board of directors for discussion		
	The company's subsequent handling of independent directors' opinions: Passage with agreement of all the directors in attendance		
Fourth auditing committee 4th meeting 2022/04/25	1. Commissioning of CPAs for Q2 2022 through Q1 2023 and CPA fee	√	
	2. Replacement of old home-delivery vehicles with new ones	√	
	Resolution of the auditing committee: Passage with no opposition from any members in attendance upon inquiry by the chairman followed by the submission to the board of directors for discussion		
	The company's subsequent handling of independent directors' opinions: Passage with agreement of all the directors in attendance		

Auditing committee	Contents of agenda and subsequent handling	Items specified in Article 14-5 of Securities & Exchange Act	Other items approved by over two thirds of all the directors without passage by the auditing committee beforehand
Fourth auditing committee 5th meeting 2022/08/01	1. Acknowledgment of the continuing lease of the Xinzhuang plant premises from the company's related party	V	
	2. The company's consolidated financial statement for Q2 2022	V	
	3. Revision of "procedure for acquisition or disposal of assets"	V	
	4. Closedown of subsidiary "Singapore Pelican Express Co., Ltd."	V	
	Resolution of the auditing committee: Passage with no opposition from any members in attendance upon inquiry by the chairman followed by the submission to the board of directors for discussion		
	The company's subsequent handling of independent directors' opinions: Passage with agreement of all the directors in attendance		
Fourth auditing committee 6th meeting 2022/12/7	1. Change of accounting chief	V	
	Resolution of the auditing committee: Passage with no opposition from any members in attendance upon inquiry by the chairman followed by the submission to the board of directors for discussion		
	The company's subsequent handling of independent directors' opinions: Passage with agreement of all the directors in attendance		
Fourth auditing committee 7th meeting 2023/02/16	1. The company's 2022 business report and financial statement	V	
	2. Distribution of the company's 2022 earnings	V	
	3. Self evaluation of the company's internal control in 2022 and production of internal control statement °	V	
	4. Change of contracted builder for "Taipei transshipment center" and budget increase	V	
	5. Change of CPAs for financial statement	V	
	Resolution of the auditing committee: Passage with no opposition from any members in attendance upon inquiry by the chairman followed by the submission to the board of directors for discussion		
	The company's subsequent handling of independent directors' opinions: Passage with agreement of all the directors in attendance		

b. Abstention by independent directors due to conflict of interest and specific names of independent directors involved, contents of agenda, reasons for abstention, and status of voting: nil

c. Items and state of communication by independent directors with certified public accountant and in-house auditing chief (over major corporate affairs, such as finance and business status, as well as communications method and results):

(a) The company's independent directors have sufficient channels for contact with in-house auditing chief and certified public accountants and carry out regular auditing on corporate finance and business status, according to the regulations of the competent authority, via communications with management and governing units via smooth channels.

1. In addition to submission of monthly internal auditing report to independent directors for perusal, auditing chief makes specific auditing report upon the request of independent directors, plus quarterly auditing report at the auditing committee's meeting. As a result, there is sufficient communications on the execution of auditing operation and performance.
2. After auditing the semiannual and annual financial reports, the certified public accountants would report the findings of auditing or perusal at the auditing committee's meeting, as well as other mandatory communications items.

(b) Given good communications with in-house auditing chief, independent directors have no other suggestions. Major communications items in 2021 are listed below:

Date	Meeting	Communications item
2022/02/17	Audit committee	1.Q4 2021 auditing report with independent directors 2. Report on self evaluation of 2021 internal control and production of statement on internal control with independent directors
2022/02/23	Board of directors	1.Q4 2021 audit report with all the directors 2. Report on self evaluation of 2021 internal control and production of statement on internal control with all the directors
2022/04/25	Audit committee	Q1 2022 audit report with independent directors
2022/05/05	Board of directors	Q1 2022 audit report with all the directors
2022/08/01	Audit committee	Q2 2022 audit report with independent directors
2022/08/04	Board of directors	Q2 2022 audit report with all the directors
2022/12/07	Audit committee	1. Q3 2022 audit report with independent directors 2. Discussion on 2023 auditing plan with independent directors
2022/12/15	Board of directors	1. Q3 2022 audit report with all the directors 2. Discussion on 2023 auditing plan with all the directors

(c) Given good communications with certified public accountants , independent directors have no other suggestions. Major communications items in 2022 are listed below:

Date	Communication method	Communication item	Communication result
2022/2/17	Audit committee	1. Certified public accountants reported on analysis of financial status and business performance in 2021 financial statement, planning items, and key auditing items, as well as responsibilities of auditors for perusal of financial statement. 2. Certified public accountants explained the effect of the application of new accounting standards on the company with auditing committee members. 3. Certified public accountants explained auditing findings and adjustment of auditing entries with auditing committee members. 4. Certified public accountants explained the effect of new accounting statement and revised taxation law on the company with auditing committee members. 5. Certified public accountants answered the questions of auditing committee members.	The auditing committee approved the annual financial statement, which was then passed by the board of directors and then publicized and reported to the competent authority on time.
2022/4/12	Mail	1. Certified public accountants explained their role and responsibilities for 2022 auditing work, as well as their opinions on key items and the independence of their team in the auditing work. 2. Certified public accountants their explanation method for 2022 auditing results. 3. Certified public accountants explained their auditing plan, auditing method, and standards for judgment of materiality, and possible employment of other experts for 2022 auditing work. 4. Certified public accountants explained preliminary opinions on corporate risk assessment and auditing risks for key items for 2022 auditing work.	The company obtained of the opinions of auditing committee members on the independence of certified public accountants and annual auditing work via mail.

Date	Communication method	Communication item	Communication result
2022/4/12	Mail	<ol style="list-style-type: none"> 1. Certified public accountants explained the applied standards and planned method for 2022 Q1 consolidated financial statement. 2. Certified public accountants explained the applied accounting estimate and standards for perusal of financial statement. 3. Certified public accountants explained items which may not be confirmed in perusal of financial statement. 4. Independent directors offered opinions on the explanation of certified public accountants. 	The company obtained of the opinions of auditing committee members on Q1 financial statement which was then passed by the board of directors and then publicized and reported to the competent authority on time.
2022/8/1	Auditing committee	<ol style="list-style-type: none"> 1. Certified public accountants reported on analysis of financial status and business performance in 2022 Q2 financial statement, planning items, and key auditing items, as well as responsibilities of auditors for perusal of financial statement. 2. Certified public accountants explained auditing findings and adjustment of auditing entries with auditing committee members. 3. Certified public accountants explained the effect of new accounting statement and revised taxation law on the company with auditing committee members. 4. Certified public accountants made oral explanation and discussion on previous communications via mail with auditing committee members. 5. Certified public accountants answered the questions of auditing committee members. 	The company obtained of the opinions of auditing committee members on Q2 financial statement which was then passed by the board of directors and then publicized and reported to the competent authority on time.
2022/11/4	Mail	<ol style="list-style-type: none"> 1. Certified public accountants explained the applied standards and planned method for 2022 Q3 consolidated financial statement. 2. Certified public accountants explained the applied accounting estimate and standards for perusal of financial statement. 3. Certified public accountants explained items which may not be confirmed in perusal of financial statement. 4. Independent directors offered opinions on the explanation of certified public accountants 	The company obtained of the opinions of auditing committee members on Q3 financial statement which was then passed by the board of directors and then publicized and reported to the competent authority on time.

d. Major works of the audit committee in the year

1. The company's audit committee is meant to help the board of directors supervise the quality and ethics in accounting, auditing, financial-report flow, and financial control with major tasks including:

- (1) adequate expression in financial statement;
- (2) auditing and accounting policy and procedure;
- (3) internal control-related policy and procedure;
- (4) major trading in assets or derivatives;
- (5) major loaning and provision of endorsement or guarantee;
- (6) raising, issuance, or private placement equity-oriented securities;
- (7) financial derivatives and cash investment;
- (8) hire and dismissal of financial, accounting, and in-house auditing chiefs;
- (9) employment and dismissal of certified public accountants and their fees;

- (10) evaluation of the qualifications, independent, and performance of certified public accountants;
- (11) legal compliance;
- (12) risk management;
- (13) involvement in trading with related parties by managerial staff and directors and possible conflict of interest.

2. Perusal of financial statement

The board of directors produced the company's 2022 business report, financial statement (including consolidated financial statement) and presented plan for earnings distribution, of which the financial statement has been audited by CPAs Chih Ping-chun and Lin Chun-yao of PwC Taiwan followed by production of auditing report. After auditing, the audit committee finds no impropriety in the aforementioned business report, financial statement (including consolidated financial statement), and plan for earnings distribution.

3. Evaluation of the effectiveness of internal control system

The audit committee evaluates the effectiveness of the policy and procedure of the company's internal control system and communicates with the management team on risk management and legal compliance regularly. The audit committee confirms the effectiveness of the company's risk management and internal control system, as the company has set up necessary control mechanism to monitor and correct irregular behaviors.

Note 1: In case there is any independent director leaving the post by the end of the year, the following information should be entered in the note column, including job expiration date, with attendance rate (%) based on division of the actual number of attendances by the number of committee meetings during his/her service period.

Note 2: In case there is reelection for independent directors by the end of the year, information on both original and new independent directors should be entered in the note column, including the distinction of previous, new, or continuing membership and the date of reelection, with attendance rate (%) based on division of the actual number of attendances by the number of auditing

(c) Operating status of corporate governance and difference from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons

Evaluation items	Status of operation (note)			Difference from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summarized explanation	
A. Whether or not the company has formulated and disclosed corporate governance best-practice principles according to "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The company's board of directors already resolved to formulate the "corporate governance best practice principles" in 2013 and subsequently passed revision of the principles in 2017, posted on the corporate website for access by shareholders. For detailed information, please access http://www.e-can.com.tw/upload/UserFiles/公司治理實務守則現行條文.pdf	No difference
B. Company shareholding structure and shareholders' equity				
(a) Whether or not the company has formulated and implemented internal operating procedure for handling shareholders' suggestions, questions, disputes, and litigations.	V		(a) The company has instituted spokesman and acting spokesman to handle shareholders' suggestions or inquiries.	No difference
(b) Whether or not the company has a firm grip on the list of controlling shareholders and the eventual controllers of major shareholders?	V		(b) The company has grasped shareholdings by directors, managerial staff, and major shareholders and reported changes in the shareholdings according to legal requirement.	No difference
(c) Whether or not the company has established and implemented risk-management and fireproof mechanisms with affiliates?	V		(c) The company has instituted related supervisory mechanism in corporate bylaws and internal control.	No difference
(d) Whether or not the company has formulated internal regulations forbidding the company's insiders to take advantage of undisclosed information in engaging in securities trading?	V		(d) The company's insiders have to sign internal regulatory statement, whose contents are set according to the Securities & Exchange Act: 1. Article 22-2 (report on share transfer beforehand, no sale of shareholding within six months after assumption of office, report on transfer of shares for sale of pledged shares by pledgee or auction by court). 2. Article 25 (insiders should report to the company on change of shareholding in the previous month by the 5th of every month, except imposition (lifting) of pledge which be reported to the company immediately).	No difference

Evaluation items	Status of operation (note)			Difference from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summarized explanation	
			<p>3. Article 28-2-6 (ban on sale of shares during the period for purchasing treasury stocks)</p> <p>4. Article 43-1-1 (report on acquisition of over 10% of shares of public companies by oneself or together with others, as well as subsequent change of the shareholding at a scale of over 1%)</p> <p>5. Article 157 (insiders cannot sell shares within six months after obtaining the shares or purchase shares within six months after selling them)</p> <p>6. Article 157-1 (ban on insider trading) and confidentiality agreement for material inside information: It is forbidden to leak material inside information to others and it is mandatory to report to responsible unit should one learns of such leakage. It is obligatory to keep the confidentiality of material information during one's tenure and one should not leak or deliver material inside information or utilize such information of the interest of oneself or a third party.</p>	
<p>C. Makeup and duties of the board of directors</p> <p>(a) Whether or not the board of directors has formulated and implemented diversification policy for its membership?</p>	V		<p>(a)</p> <p>1. Article 20 of the company's "corporate governance best practice principle" calls for diversification of the membership of the board of directors, according to which the number of directors with concurrent managerial position should not be over one third of the total seats and composition of membership should take into account corporate operation, operating type, and development need, including the following standards in two major aspects:</p> <p>(1) Fundamental conditions and values: gender, age, nationality, culture;</p> <p>(2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skill, and industrial experience.</p> <p>Composition of the membership of the board of directors should take into account knowledge, skills, literary necessary for the fulfillment of duties. To attain the ideal target of corporate</p>	No difference

Evaluation items	Status of operation (note)		Difference from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	
			<p>governance, the board of directors as whole should possess the following capabilities:</p> <p>(1) business judgment; (2) accounting and financial analysis; (3) business management; (4) crisis management; (5) industrial knowledge; (6) international market perspective; (7) leadership; (8) decision making.</p> <p>2. Materialization of diversification policy:</p> <p>(a) The company has been seeking the diversification of the membership of its board of directors (note 1), as a result of which of the 11 seats of the eighth board of directors (including independent directors), two are females (18%) and two are Japanese (18%), with six being over 60 of age, four aged 50-60, and one less than 40 of age</p> <p>(b) Members of the board of directors are all outstanding figures in their respective fields and possess knowledge, skills, and literary necessary for fulfilling their duties, including chairman Chiu Chwen-jy, director Huang Mao-hsiung, and director Matsui Manabu boasting expertise in leadership/decision making, business judgment, and management, plus insightful international-market perspective; directors Lin Chien-yuan, Kuo Tzu-yi, Peng Chi-tseng, Hsu Ching-yi, and Yamamoto Kazutoshi having abundant literacy in corporate governance, as well as rich experience in corporate management, business judgment, and industrial knowledge. Among independent directors, Lin Wan-ying and Chen Wun-hwa are both teachers at topnotch colleges, with expertise in accounting and financial analysis, and Lien Yuan-lung is a practicing lawyers, a prestigious figure in the judicial field. Backed by their expertise and experience, members of the board of directors can offer professional opinions to corporate management from various angles, making valuable contribution to corporate development.</p>

Evaluation items	Status of operation (note)		Difference from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	
			<p>C. Concrete target of diversification policy</p> <p>In line with the diversification policy, the company takes into fundamental conditions (including gender, age, nationality, and culture) for the composition of the membership of the board of directors, as well as knowledge, skills, and literacy necessary for directors to fulfill their duties. The company has attained the management target for the composition of the membership of the board of directors and will continue to materialize its diversification policy.</p> <p>(a) There is no need for the company to set up other functional committees now.</p> <p>(b) The company's board of directors passed the measures governing the performance of the board of directors" at its meeting on Nov. 10, 2015, according to which the board of directors should conduct at least one self evaluation of its performance a year, which be conducted by the end of each year and completed by the board's first meeting next year.</p> <p>(b) The company employs internal evaluation method for the performance of the board of directors, the scope of whose evaluation includes the board of directors as a whole, individual directors, and functional committees, with evaluation methods including self evaluation by the board of directors, self evaluation by directors, and self evaluation by functional committees.</p> <p>(1) The board of directors conducts self evaluation, according to standards in the following five major aspects:</p> <p>A. Extent of participation of corporate operation</p> <p>B. Enhancement of the decision-making quality of the board of directors</p> <p>C. Makeup and structure of the board of directors</p> <p>D. Election of directors and continuing study</p> <p>E. Internal control</p> <p>(2) Members of the board of directors conducts self evaluation, according to standards in the following six major aspects:</p> <p>A. Grasp of corporate target and mission</p>

Evaluation items	Status of operation (note)		Difference from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	
(b) Whether or not the company is willing to establish other functional committees on its own initiative, on top of mandatory institution of compensation committee and audit committee?	V		<p>B. Understanding of directors' duties C. Extent of participation in corporate operation D. Management and communications for internal relationship E. Expertise and continuing study F. Internal control</p> <p>(3) Functional committees conduct self evaluation, according to standards in the following five major aspects: A. Extent of participation in corporate operation B. Understanding of the committee's duties C. Enhancement of the quality of functional committees' duties D. Composition of functional committees and selection of committee members E. Internal control</p> <p>Since 2015, the company has been conducting annual performance evaluation for the board of directors, whose results are reported to the first meeting of the board of directors in the following year.</p> <p>Operation for the performance evaluation for the board of directors in 2022 was carried out by the president's office and human-resources division, with the auditing panel as the evaluation auditing unit. The evaluation covers the board of directors as a whole, individual directors, and functional committees, via self-evaluation questionnaires. The evaluation results are served as reference in selection and nomination of directors and the setting of their compensations.</p> <p>The company started self-evaluation operation for performance of the board of directors in Dec. 2022, whose results was reported to the 11th meeting of the eighth board of directors on Feb. 23, 2023. In order to raise the attendance rate of directors in shareholders' meeting, holding of the meetings of the board of directors has been postponed to sometime after shareholders' meeting since 2019, with significant effect. To stimulate management team's performance, the 7th board of directors</p>
	V		<p>(3) Functional committees conduct self evaluation, according to standards in the following five major aspects: A. Extent of participation in corporate operation B. Understanding of the committee's duties C. Enhancement of the quality of functional committees' duties D. Composition of functional committees and selection of committee members E. Internal control</p> <p>Since 2015, the company has been conducting annual performance evaluation for the board of directors, whose results are reported to the first meeting of the board of directors in the following year.</p> <p>Operation for the performance evaluation for the board of directors in 2022 was carried out by the president's office and human-resources division, with the auditing panel as the evaluation auditing unit. The evaluation covers the board of directors as a whole, individual directors, and functional committees, via self-evaluation questionnaires. The evaluation results are served as reference in selection and nomination of directors and the setting of their compensations.</p> <p>The company started self-evaluation operation for performance of the board of directors in Dec. 2022, whose results was reported to the 11th meeting of the eighth board of directors on Feb. 23, 2023. In order to raise the attendance rate of directors in shareholders' meeting, holding of the meetings of the board of directors has been postponed to sometime after shareholders' meeting since 2019, with significant effect. To stimulate management team's performance, the 7th board of directors</p>
(c) Whether or not the company has formulated measures and methods for evaluating the performance of the board of directors and carried out periodic review of such performance annually, while submitting the results to the board of directors as reference in determining the compensations of individual directors and nomination for a continuing term?			<p>B. Understanding of directors' duties C. Extent of participation in corporate operation D. Management and communications for internal relationship E. Expertise and continuing study F. Internal control</p> <p>(3) Functional committees conduct self evaluation, according to standards in the following five major aspects: A. Extent of participation in corporate operation B. Understanding of the committee's duties C. Enhancement of the quality of functional committees' duties D. Composition of functional committees and selection of committee members E. Internal control</p> <p>Since 2015, the company has been conducting annual performance evaluation for the board of directors, whose results are reported to the first meeting of the board of directors in the following year.</p> <p>Operation for the performance evaluation for the board of directors in 2022 was carried out by the president's office and human-resources division, with the auditing panel as the evaluation auditing unit. The evaluation covers the board of directors as a whole, individual directors, and functional committees, via self-evaluation questionnaires. The evaluation results are served as reference in selection and nomination of directors and the setting of their compensations.</p> <p>The company started self-evaluation operation for performance of the board of directors in Dec. 2022, whose results was reported to the 11th meeting of the eighth board of directors on Feb. 23, 2023. In order to raise the attendance rate of directors in shareholders' meeting, holding of the meetings of the board of directors has been postponed to sometime after shareholders' meeting since 2019, with significant effect. To stimulate management team's performance, the 7th board of directors</p>

Evaluation items	Status of operation (note)			Difference from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summarized explanation	
(d) Whether or not the company has reviewed the independence of certified public account periodically?	V		<p>resolved to increase special allowance for managerial staffers at its 18th meeting on Feb. 26, 2021 and passed change of high-ranking manager at its 22nd meeting on Aug. 4, 2021. Subsequently, for the purpose of cultivating next-generation corporate executives, the 8th board of directors approved change of high-ranking manager and promotion of managerial staffer at its 7th meeting on June 17, 2022. In 2022, the company initiated performance evaluation for functional committees, intensified implementation of the program cultivating next-generation corporate executives, and helped new members of the board of directors get familiar with corporate operation and environment.</p> <p>According to the evaluation results, the attainment rates in the year were 98.2% for the board of directors as a whole, 98.7% on average for individual directors, 96.4% for the auditing committee, and 97.6% for the compensations committee, all reaching standards and underscoring good operation of the board of directors. The results were also reported to the 8th board of directors at its 11th meeting on Feb. 23, 2023.</p> <p>(d) To assure the credibility of the financial statement, the management head division conducted preliminary evaluation of the independence and competence of certified public accountants before hiring every year (note 2), whose results are reviewed by the auditing committee before submission to the board of directors for approval. The evaluation is carried out according to the following standards and procedure:</p> <ol style="list-style-type: none"> (1) less than seven years in a row for the certification service; (2) production of independence statement by certified public accountants every year; (3) quality and timeliness for auditing and taxation services; (4) involvement in litigation or correction by competent authority or not; (5) scale and repute of accounting firm; (6) result of evaluation of the competence and independence of certified public accountants via questionnaire. 	No difference

Evaluation items	Status of operation (note)		Difference from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	
			<p>Make sure that there is no involvement of other financial benefits and business relationship for certified public accountants, except fees for certification and financial services for the company and there is no violation of independence on the part of the spouses and minor offspring of the certified public accountants.</p> <p>The evaluation results for the independence and competence of certified public accountants in 2022 were already upheld by the fourth meeting of the 4th audit committee and the fifth meeting of the 8th board of directors.</p>
D. Whether or not the company as a public company has put in place adequate number of qualified corporate-governance staffers and designated corporate-governance chief in charge of corporate governance-related affairs (including, but not limited to, provision of data needed by directors and supervisors in legal compliance, the handling of affairs related to meetings of the board of directors and shareholders' meeting, and production of minutes of meetings of the board of directors and shareholders' meeting)?	V		<p>Article 3 of the company's "corporate governance best practice principles" designates the management head division, president's office, and legal affairs office as units responsible for handling corporate governance-related works on a part-time basis, with responsible staffers and their duties listed below:</p> <p>A. Financial and Administrative division</p> <p>(a) Introduction to staffers Assistant vice president Wang Po-kang head the unit, which includes stock-affairs and accounting units for handling corporate governance-related works.</p> <p>(b) Responsibilities:</p> <ol style="list-style-type: none"> 1. Corporate registration and registration change; 2. Production of minutes for meetings of the board of directors; 3. Dispatch of employees to attend corporate governance-related courses. <p>(c) Work plan * Communication with certified public accounts on materialization of corporate governance in the operation of shareholders' meeting and the production of annual report and financial statement.</p> <p>B. President's office</p> <p>(a) Introduction to staffers: President Peng Chi-tseng heads the unit, whose staffers handle affairs related to the board of directors, the audit committee, and corporate governance.</p>

Evaluation items	Status of operation (note)		Difference from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	
			<p>(b) Responsibilities</p> <ol style="list-style-type: none"> 1. Handle affairs related to meetings of the board of directors and the audit committee according to law. 2. Conduct performance evaluation for the board of directors; 3. Dispatch employees to attend corporate governance-related course. <p>(c) Work plan</p> <p>In line with the norms set by the competent authority, handle affairs related to the board of directors, the audit committee, and corporate governance, such as performance evaluation and record of major opinions at meetings.</p> <p>C. Legal affairs office</p> <p>(a) Introduction to staffers</p> <p>Special assistant Hu Hsing-sheng heads the unit, whose staffers handle such affairs as revision of corporate governance-related bylaws and corporate-governance evaluation.</p> <p>(b) Responsibilities:</p> <ol style="list-style-type: none"> 1. Production of minutes for shareholders' meeting; 2. Attendance of meetings of the board of directors and shareholders' meeting; 3. Dispatch of employees to attend corporate governance-related courses; 4. Revision of corporate governance best practice principles and ethical corporate management best practice principles; 5. Corporate-governance evaluation. <p>(c) Work plan:</p> <ol style="list-style-type: none"> 1. In line with the instruction of competent authority, revise corporate governance best practice principles and ethical corporate management best practice principles. 2. Promote ethical management-based operation.
E. Whether or not the company has established channels for communications with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) and special section for stakeholders on	V		<p>The company has instituted spokesperson and acting spokesperson, with provision of their e-mail addresses and phone numbers, plus setup of "stakeholder section" on corporate website at https://www.e-can.com.tw/aboutUs_relationship.aspx, as a communications channels with stakeholders.</p>

Evaluation items	Status of operation (note)		Difference from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	
corporate website, in addition to responding properly to major issues on corporate social responsibilities concerned by stakeholders?			https://www.e-can.com.tw/aboutUs_relationship.aspx
F. Whether or not the company has commissioned professional stock-affairs agency to handling affairs related to shareholders' meeting?	V		The company has entrusted KGI Securities Co., Ltd. for handling affairs related to shareholders' meeting.
G. Information publication			
(a) Whether or not the company has established website disclosing information on finance, business, and corporate governance?	V		(a) The company has established corporate website, with website address at https://www.e-can.com.tw for disclosure of information on finance, business and corporate governance.
(b) Whether or not the company has employed other methods for information disclosure (such as establishment of English-language website, appointment of staffer responsible for collection and disclosure of information, materialization of spokesperson system, and posting of the process of investors' conferences on corporate website)?	V		<p>1. The company has designated staffers in charge of information collection and disclosure: The management head division has designated staffers in charge of information collection and disclosure, whose operation is quite smooth.</p> <p>2. Materialization of spokesman's system Assistance vice president Wang Po-kang serves as the company's spokesman.</p> <p>3. Posting of audio or video recording for investment conference on corporate website: The company posts audio or video files for the process of investor conference on the investor section of corporate website for access by interested parties.</p>
(c) Whether or not the company has publicized and declared annual financial statement within two months after end of fiscal year, made the declaration ahead of schedule, and declared financial statements for first, second, and third quarter, as well as the business status of respective months?	V		<p>1. The company already publicized and reported 2022 financial statement on Feb. 23, 2023.</p> <p>2. In line with regulation, the company has posted information on monthly revenue and quarterly financial report onto the Market Observation Post System timely.</p>

Evaluation items	Status of operation (note)			Difference from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summarized explanation	
H. Whether or not the company has provided other key information facilitating understanding of the company's corporate governance(including, but not limited to, employee benefits and rights, care for employees, investor relationship, supplier relationship, rights of stakeholders, study by directors and supervisors, execution of risk-management policy and risk-evaluation standards, execution of customer policy, and taking out of liabilities insurance for directors and supervisors).	V		<p>1. As for investor relationship, in addition to periodic disclosure of information on major corporate operation, the company has endeavor to enhance information transparency, so that investors can have firm grip on corporate operation and development plan.</p> <p>2. For information on attendance of the board of directors' meeting, please access the Market Observation Post System at http://mops.twse.com.tw/mops/web/t93sc03_1</p> <p>3. Taking out of liability insurance for directors and independent directors: In order to strengthen corporate governance and reduce or disperse liability risk for directors and managerial staff in execution of their duties during their tenure, in line with article 39 of "corporate governance best practice principles," the company has taken out liability insurance at amount of US\$3 million since 2013 and has reported the execution status for the insurance to the board of directors every year since 2018. The insurance amount has been raised to US\$4 million, according to the report to the fifth meeting of the 8th board of directors on May 5, 2022.</p>	No difference
<p>I. As for the result of the latest corporate-governance evaluation by the corporate governance center of Taiwan Stock Exchange Corporation, please explain completed improvements and priority improvement plan for other items Improvements for the results of the eighth corporate governance evaluation are listed below:</p> <p>(a) The company scored 78.8 points, ranking 21-35% among listed companies, in the evaluation, with completed improvements as follows:</p> <ol style="list-style-type: none"> 1.The board of directors has approved "measures governing performance evaluation for the board of directors," calling for at least one external evaluation every three years. 2. The company has had the board of directors approve financial report or has submitted the financial report to the board of directors prior to seven days before the deadline for its publication and has publicized it within one day after the approval or submission date. 3.The company has compiled the CSR report by the end of Sept., according to international universal directive for report compilation and posted it on Market Observation Post System and the corporate website. <p>(b) Although result of the 9th corporate governance evaluation has yet to be publicized, the company has made the following improvements:</p> <ol style="list-style-type: none"> 1. Obtain third-party certification for the company's sustainability report. 				

Note 1: Status for the diversification of the membership of the board of directors

Diversification item	Basic makeup						Professional background	business judgment	accounting and financial analysis	business management	crisis management	industrial knowledge		international market perspective	leadership	law
	Gender	Nationality	Also an employee of the company	Independent director Number of years of service for the position												
				Less than 3 years	3-9 years	Over 9 years										
Name of director																
TECO Electric & Machinery Co., Ltd. Representative : CHIU CHWEN-JY	Female	ROC				Business administration	√	√	√	√	√	√	√	√	√	
TECO Electric & Machinery Co., Ltd. Representative : HUANG MAO-HSIUNG	Male	ROC				Economics	√	√	√	√	√	√	√	√	√	
TECO Electric & Machinery Co., Ltd. Representative : PENG CHI-TSENG	Male	ROC				Telecommunications	√	√	√	√	√	√	√	√	√	
TECO Electric & Machinery Co., Ltd. Representative : HSU CHING-YI	Male	ROC				Business administration	√	√	√	√	√	√	√	√	√	
TECO Electric & Machinery Co., Ltd. Representative : KUO TZU-YI	Male	ROC				Business administration	√		√	√	√	√	√	√	√	
ITOCHU Taiwan Corporation Representative : MATSUI MANABU	Male	Japan				Economics	√		√	√	√	√	√	√	√	
ITOCHU Taiwan Corporation Representative : YAMAMOTO KAZUTOSHI	Male	Japan				Business administration	√		√	√		√	√	√	√	
AN-SHIN FOOD SERVICES CO., LTD. Representative : LIN CHIEN-YUAN	Male	ROC				Civil engineering	√		√	√	√	√	√	√	√	
Independent director LIN WAN-YING	Female	ROC			√	Accounting	√	√	√	√	√	√	√	√	√	
Independent director : CHEN WUN-HWA	Male	ROC			√	Business administration	√	√	√	√	√	√	√	√	√	
Independent director : LIEN YUAN-LUNG	Male	ROC		√		Law	√		√	√		√	√	√	√	

Note 2: Evaluation table for certified public accountants :

Evaluation items		Evaluation result	Conformance to independence or not
A. Review of key conditions for independence			
01	Is there a relationship of investment or financial benefits between the certified public accountant, his/her spouse, or minor children with the company?	No	V
02	Is there a relationship of loaning between the certified public accountant, his/her spouse, or minor children with the company, excluding the case in which the principal is a financial institution for engagement in normal business dealing?	No	V
03	Whether or not the certified public accountant or member of the auditing section serves as the company's director, managerial staff, or other position with major influence on the audited case in recent two years?	No	V
04	Whether or not the certified public accountant or member of the auditing section has promoted or brokered shares or other securities issued by the company?	No	V
05	Whether nor not the certified public accountant or member of the auditing section has defended the company in its litigation with a third party or other disputes?	No	V
06	Whether nor not the certified public accountant or member of the auditing section is the spouse, a lineal relative by blood, a lineal relative by marriage, or a collateral relative by blood of the company's directors, managerial staff, or employees with position capable of significantly influencing the audited case?	No	V
07	Whether or not the certified public accountants services as the company's director, manager, or employee with position capable of influencing the audited case significantly within one year after the relief of his/her duty?	No	V
08	Whether nor not the certified public accountant or member of the auditing section has received gift with significant value or preferential treatment from the company's director, managerial staff, or major shareholder?	No	V
09	Whether or not the certified public accountant has undertaken regular work, received fixed pay, or serve as director or supervisor of the principal or the audited party?	No	V
B. Review of independent operation			
01	Whether or not the certified public accountant has abstained from or decline cases involving direct or significant indirect interests of himself or herself which could influence his/her impartiality for the cases?	Yes	V
02	Whether or not the certified public accountant has maintained independence, in both substance and form, when producing statement of opinions for auditing, perusal, review, or specific examination of financial statement?	Yes	V
03	Whether or not members of the auditing section, other jointly practicing CPA or shareholders of juridical-person accounting firm, accounting firm, affiliates of accounting firm and allied accounting firm has maintained independence from the company?	Yes	V
04	Whether or not the certified public accountant has executed professional service in an honest and rigorous manner?	Yes	V
05	Whether or not the certified public accountant has maintained an impartial and objective stance in the execution of professional service, free from prejudice, conflict of interest, or consideration of benefit, which could affect his/her professional judgment?	Yes	V

(d) Information on the status of operation of the compensation committee

The company's compensations committee was established on Dec. 3, 2012, with its members being appointed by the board of directors, who elected one among them as the convener and the chairman of its members. It operates, according to the company's "organizational charter for the compensations committee," in charge of:

- (1) Formulate and regular review the policy, system, standards and structure for the performance evaluation and compensations for directors, supervisors, and managerial staff.
- (2) Regularly review and setting the compensations for directors, supervisors, and managerial staff.

1. Data on the members of the 4th compensation committee

Conditions		Professional qualifications and experience (note 2)	State of independence (note 3)	Number of concurrent memberships on the compensation committees of other companies with public share offering
entity (note1) (note 1)	Name			
Independent director (convener)	CHEN WUN-HWA	1. With working experience for commerce, finance, and corporate business 2. Instructor for disciplines related to commerce, finance, and corporate business at public college for over 20 years 3. No situations specified in article 30, the Company Act	(1) Not having spouse or relatives within second degree of kinship who are also the directors, supervisors, or employees of the company or affiliates (2) Not having spouse or relatives within second degree of kinship (or in the name of others) who hold the company's shares (3) Not holding the positions of director, supervisor, or employee at companies with special relationship with the company (as specified in article 3-1-5~8 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies") (4) No provision of such services as commerce, legal affairs, and accounting to the company and affiliates, as well as no collection of compensations, in recent two years.	0
Independent director	LIN WAN-YING	1. With working experience for commerce, finance, and corporate business 2. Instructor for disciplines related to commerce, finance, and corporate business at public college for over 20 years 3. No situations specified in article 30, the Company Act	(1) Not having spouse or relatives within second degree of kinship who are also the directors, supervisors, or employees of the company or affiliates (2) Not having spouse or relatives within second degree of kinship (or in the name of others) who hold the company's shares (3) Not holding the positions of director, supervisor, or employee at companies with special relationship with the company (as specified in article 3-1-5~8 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies")	1

Conditions		Professional qualifications and experience (note 2)	State of independence (note 3)	Number of concurrent memberships on the compensation committees of other companies with public share offering
entity (note1) (note 1)	Name			
			(4) No provision of such services as commerce, legal affairs, and accounting to the company and affiliates, as well as no collection of compensations, in recent two years.	
Independent director	LIEN YUAN-LUNG	1. With over 20 years of working experience for commerce, finance, and corporate business 2. Licensed lawyer with passage of national examination 3. No situations specified in article 30, the Company Act	(1) Not having spouse or relatives within second degree of kinship who are also the directors, supervisors, or employees of the company or affiliates (2) Not having spouse or relatives within second degree of kinship (or in the name of others) who hold the company's shares (3) Not holding the positions of director, supervisor, or employee at companies with special relationship with the company (as specified in article 3-1-5-8 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies") (4) No provision of such services as commerce, legal affairs, and accounting to the company and affiliates, as well as no collection of compensations, in recent two years.	1

Note 1: Specify in the column service years, professional qualifications, and state of independence of compensation committee members. For identity, fill in independent director (in the case of convener, specific the capacity in note).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual compensation-committee members.

Note 3: State of independence conformance: Specify state of independence conformance for compensation-committee members, including, but not limited to, assumption of such posts as director, supervisor, or employee of the company or affiliates by himself/herself, spouse, or relatives within second degree of kinship; ownership of the company's shares and percentage by himself/herself, spouse, relatives within second degree of kinship (or in the name of others); assumption of such posts as director, supervisor, or employee of companies with special relationship with the company (refer to article 6-1-5 to 6-1-8 of measures governing the installation of compensation committee of public company and exercise of line of its authority; compensations for provision of such services as commerce, legal affairs, finance, and accounting to the company and affiliates in recent two years.

2. Information on the operation of the compensation committee

(1) The company's compensation committee consists of three members.

(2) Term of the members of the current committee: From Aug. 11, 2021 through Aug. 10, 2022. In 2022, the fourth compensations committee convened twice (A), on Jan. 19 for its second meeting and Feb. 17 for its third meeting, with the attendance its members listed below:

Title	Name	Times of attendance (B)	Times of attendance via proxy	Attendance rate (%) (B/A)	Note
Convener	CHEN WUN-HWA	2	0	100%	Reelection on Aug. 11, 2021, serving a continuing term as convener (required number of attendance 2)
Member	LIN WAN-YING	2	0	100%	Reelection on Aug. 11, 2021 (required number of attendance 2)
Member	LIEN YUAN-LU NG	2	0	100%	New member elected on Aug. 11, 2021 (required number of attendance 2)

Other items mandating record:

A. In case of rejecting or revising the suggestions by the compensation committee, specify the date of the board meeting, the term of the board, contents of agenda, resolutions of the board meeting, and handling of the opinions of the compensation committee by the company (should the level of compensations passed by the board of directors be higher than that suggested by the compensation committee, the extent of difference and reasons should be specified): nil

B. In case there is any member opposing or having reservation for the resolutions of the compensation committee, on record or in written form, specify the date of the meeting, the term of the committee, contents of agenda, opinions of all the members, and handling of the contrarian opinion: nil.

C. Responsibilities of the compensations committee:

- (1) Formulate and regular review the policy, system, standards and structure for the performance evaluation and compensations for directors, supervisors, and managerial staff.
- (2) Regularly review and setting the compensations for directors, supervisors, and managerial staff.

When fulfilling its duties, the compensations committee should abide by the following principles:

- (1) Refer to peer level in performance evaluation and compensations for directors and managerial staff, plus the consideration of reasonableness in terms of personal performance, corporate business performance, and future risks.
- (2) Avoid inducing directors and managerial staff to undertake risks exceeding corporate tolerance in the quest for high compensations.
- (3) Take into account industrial features and corporate business nature for the payout of bonus for short-term performance and the timing for partial change in compensations for directors and high-ranking managers.

The aforementioned compensations include cash, stock option, stock dividend, retirement benefits or severance pay, various allowances, and other substantive incentives, with its scope consistent with the criteria for compensations for directors and managerial staff specified in annual report.

When discussing the suggestions by the compensations committee, the board of director should consider the amount of compensations, payment method, and the company's future risks.

For revising or declining the suggestions of the compensations committee by the board of directors, it needs the support of over half of directors present at a meeting attended by over two thirds of all the directors, while including the aforementioned considerations in its resolution and specifying whether the finalized

compensations is higher than the level suggested by the committee.

In case the compensations determined by the board of directors is higher than the level suggested by the compensations committee, specify the difference and reasons in the minutes of the meeting and post it on the website designated by the competent authority within two days after the resolution made by the board of directors.

Suggestions of subsidiary for the compensations for its directors and managerial staff which should be ratified by the company's board of directors should be reviewed by the compensations committee for making suggestions before submission to the board of directors.

D. Disclose the dates, term, contents of agenda, and resolutions of the meetings of the compensations in the recent year and the handling of the committee's opinions by the company in the recent year.

Compensations committee	Contents of agenda and subsequent handling	Resolution	Handling of the compensations committee's opinions by the company
2nd meeting of the fourth compensations committee on Jan. 19, 2022	1. Payout of 2021 year-end bonus for managerial staff	Passage without opposition by members in attendance upon inquiry by the chairman	Acceptance of the compensations committee's suggestions for execution
3rd meeting of the fourth compensations committee on Feb. 17, 2022	1. Payout for 2021 compensations for directors 2. Payout for 2021 compensations for employees	Passage without opposition by members in attendance upon inquiry by the chairman followed by submission to the board of directors for discussion	Acceptance of the compensations committee's suggestions for execution

(E) Operating status of corporate sustainable development and difference from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons:

Pushing items	Implementation status (note 1)			Difference from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summarized explanation	
a. Whether or not the company has set up a corporate governance structure for pushing sustainable development, a dedicated (or part-time) sustainable development unit, and a ranking manager in charge, authorized and supervised by the board of directors?	V		<p>The "Sustainable Development Implementation Team", convened by the company's president, is responsible for implementing matters related to the company's sustainable development, executing related plans, and materializing various concrete measures for sustainable development.</p> <p>1. Team members: With company president as the convener, team members include representatives from operation planning department, legal affairs office, audit team, occupational safety and health center, management department, finance and accounting department, marketing planning department, human resources department, and operation department.</p> <p>2. Execution of plans and results: (1) One June 18, 2022 the company again obtained the certification of "ISO 14064-1 Greenhouse Gas Inventory Standard," with the certification period running from January 1, 2021 to December 31, 2021. The company also regularly conducts annual inventory checks to actively understand the greenhouse gas emissions generated by its operations and seek the room for reductions to pursue sustainable business operations. (2) On April 16, 2020, the company officially obtained the carbon footprint label and carbon reduction label certified by the Environmental Protection Administration, and the certificate is valid from April 16, 2020 to April 15, 2025. The company has led peers to obtain the first domestic carbon reduction label for the home delivery and logistics industry. The company, long proactive in understanding its carbon emission situation, continues to monitor and improve the idling speed of ambient-temperature transportation vehicles through the smart mobility control center, so as to effectively control fuel consumption. It also</p>	No difference

Pushing items	Implementation status (note 1)			Difference from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summarized explanation	
			<p>prioritizes replacing old vehicles and refrigeration equipment every year and other carbon reduction management strategies.</p> <p>(3) The company keeps upgrading the quality of operations to ensure the rights and interests of consumers, and implements specific projects aimed at improving delivery timeliness, shipment specifications control and stacking methods to boost customer satisfaction.</p> <p>(4) The company has been on track for switching to the use of electronic invoices to reduce paper waste.</p> <p>(5) In line with the online shopping packaging reduction program of the Environmental Protection Administration, the company reduces the amount of packaging materials for small-capital boxes, uses cartons made of raw pulp paper, adopts environmentally friendly inks while reducing the printing area by 30%, protects products with durable corrugated paper, and utilizes cartons that comply with EU PPW regulations governing packaging materials as well as RESY-certified recycled and environmentally friendly cartons. Taiwan Pelican Express Co., Ltd. has never ceased its efforts to actively contribute to environmental protection in Taiwan.</p> <p>(6) In 2021, Taiwan Pelican Express Co., Ltd. actively incorporated digitalization into its daily operations, starting with introducing APPs to replace four major paper-based routine operations, which can not only lower paper waste but also slash carbon emission expenses required for document delivery between units.</p> <p>(7) In 2022, Taiwan Pelican Express Co., Ltd. participated in the charitable one-acre farming activity, adopting 0.5 hectares to play its part in making contributions to Taiwan's farmland and rice farmers. A total of 750 kilograms of white rice will be harvested in 2023, which will be donated to the Wanhua and SanchongPingan Stations of the Zenan Homeless Social Welfare Association to support lunch and dinner for homeless people in both districts.</p>	

Pushing items	Implementation status (note 1)			Difference from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summarized explanation	
			<p>3. Main tasks:</p> <p>(1) Setting the goals for the company's sustainable development direction</p> <p>(2) Formulating the company's sustainable development policy or management guidelines</p> <p>(3) Tracking current market and industry conditions and handling information collection and integration</p> <p>(4) Establishing and screening the company's related operation and management systems.</p> <p>(5) Handling planning, promotion and implementation of projects assigned by the company for sustainable development.</p>	
b. Whether or not the company has based on materiality principle in conducting risk evaluation of operation-related environmental, social, and corporate-governance issues and formulated related risk-management policy or strategy? (note 2)	V		<p>The company conducts risk assessments on important issues based on the principle of CSR (corporate social responsibility) materiality, and formulates relevant risk management policies or strategies in accordance with the assessed risks as follows:</p> <p>a. Important issue: environment</p> <p>(a) Risk assessment item: environmental protection</p> <p>(b) Risk management policy or strategy: The company implements greenhouse gas inventory check every year in accordance with the ISO 14064 2006 standard, which is certified by the third-party agency BSI.</p> <p>b. Important issue: society</p> <p>(a) Risk assessment item: delivery quality and product safety</p> <p>(b) Risk management policy or strategy: The company's consignment services comply with the requirements of the government's relevant road transportation laws; and it has also established a customer multiple-service network, including voice, e-mail and text customer services, to enhance customer satisfaction. Relevant delivery quality indicators are regularly reviewed at quality project meetings to examine countermeasures and track improvements for deficiencies to reduce operational risks.</p>	No difference

Pushing items	Implementation status (note 1)			Difference from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summarized explanation	
			<p>Meanwhile, in order to improve its ability to transport food shipments, the company participates in the food business registration program initiated by Taiwan Food and Drug Administration (FDA), registering all its transshipment centers and business stations and joining regular training programs and seminars concerning FDA's decrees and regulations. In addition, the company also internally distributes relevant regulations and government decrees to all its departments, and conduct regular inspections to reduce risks</p> <p>c. Important issue: corporate governance (a) Risk assessment item: social economy and regulatory compliance (b) Risk management policy or strategy: By establishing a governance organization and implementing internal control mechanisms, the company manages to ensure that all its employees and operations truly comply with relevant laws and regulations.</p>	
3. Environmental issue				
(a) Whether or not the company has put in place an environmental-management system, suited to the features of its industry?	V		a. The company implements planned replacement of old trucks and motorcycles with new ones that comply with the year's environmental protection regulations rules and regulations, and also purchases productive equipment and electrical appliances that carry power-saving and water-saving labels. In 2022, it introduced electric vehicles into its transportation fleet to accomplish its energy conservation and carbon reduction goals.	No difference
(b) Whether or not the company has endeavored to enhance the utilization efficiency for various resources and use reclaimed materials to lower environment load?	V		b. The company purchases and uses cage trucks to reduce the use of pallets, cuts the use of plastic wrappings, and utilizes logistics boxes to deliver smaller goods to decrease the use of disposable packaging materials such as cartons or plastic bags, so as to mitigate the impact of wastes on the environment.	No difference
(c) Whether not the company has evaluated potential risks and opportunities of climate change for the	V		c. The company incorporates climate change factors into its operating strategy planning and decision-making processes and into the overall risk management policy, actively promotes various	No difference

Pushing items	Implementation status (note 1)			Difference from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summarized explanation	
<p>company now or in the future and adopted countermeasures for climate-related issues?</p> <p>(d) Whether or not the company has tallied its greenhouse-gas emission, water consumption, and total weight of wastes in the past two years and formulated policy on energy conservation/carbon abatement, reduction of greenhouse-gas emission and water consumption, and waste management?</p>	V		<p>environmental protection, energy conservation and carbon reduction measures, reduces greenhouse gas emissions, and promotes green transportation services, so as to cushion and adapt to the impact of climate changes on its business operations. In order to align with the international climate change framework, the company continues to advance its climate change management.</p> <p>d. The company's carbon reduction work plan has a greenhouse gas reduction target of more than 3% since 2014. Based on its analysis, the company finds the main sources of its greenhouse gas emissions are electricity consumption at business premises and vehicle fuel combustion in the transportation service phase. The company's aggregate annual greenhouse gas emissions reached 18,879.426 tCO₂e in 2021 and 14,587.562 tCO₂e in 2022, representing a total reduction of 4,291.864 tCO₂e in the past year. Its annual water consumption came to 48,731 cubic meters in 2021, and increased by 9,935 cubic meters to 58,666 cubic meters in 2022. The company's total weight of wastes reached 785.7 metric tons in 2021 and decreased by 269.7 metric tons to 416 metric tons in 2022.</p>	No difference
<p>d. Social issues</p> <p>(a) Whether or not the company has related management policy and procedure, in line with relevant legislations and the International Bill of Human Rights?</p> <p>(b) Whether or not the company has formulated and implemented reasonable employee welfare measures (including compensations, leave, and other fringe benefits and reflect business performance or results in employee compensation properly ?</p>	V	V	<p>a. The human resources section of the company's intranet provides employees with work rules, performance evaluation methods, and employee leave rules, so that all employees can understand relevant labor laws and their basic rights.</p> <p>b. In order to achieve sustainable operation and create a good working environment for colleagues, the company has established an employee welfare committee since 1996 to handle various welfare measures so that employees can enjoy the profits of its business operations. The implementation situation of the company's welfare measures is as follows:</p> <p>(a) Company welfare measures:</p> <ol style="list-style-type: none"> 1. Employee wedding and funeral subsidies 2. Group uniform 3. Employee health examination 	<p>No difference</p> <p>No difference</p>

Pushing items	Implementation status (note 1)			Difference from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summarized explanation	
(c) Whether or not the company has provided employees a safe and healthful working environment, as well as safety and health education regularly?	V		<p>4. Employee compensation</p> <p>5. Year-end bonus</p> <p>6. Employee retirement pension: a 2% monthly provision for the old pension system is put into a special account at the Bank of Taiwan</p> <p>7. Meal allowance</p> <p>8. Labor insurance, health insurance, group insurance, and labor retirement pension (6% monthly provision)</p> <p>9. Special price offers for employees to buy products from affiliated companies</p> <p>10. All employees were insured against the epidemic infections and provided with epidemic prevention materials including masks, gloves, protective facial masks, and alcohol, as well as rapid test kits and nutritional products for COVID-infected employees.</p> <p>11. Spring wine party subsidy, peak-season night snack allowance and summer drinks</p> <p>12. Epidemic care leave</p> <p>(b) Employee welfare measures:</p> <ol style="list-style-type: none"> 1. Birthday gifts 2. Wedding and funeral grants 3. Meal subsidy for group social gathering of employees 4. Gifts for three major festivals <p>(c) The performance appraisal method is established to rate individual employee performance, which is linked to the annual year-end bonus distribution, annual salary adjustment, promotion, etc.</p> <p>c. The company adheres to compliance with laws and regulations, improvement of the environment and safety first, provides a good working environment, and protects the physical and mental health and safety of employees. Accordingly, it implements the following protective measures: providing annual physical health checkups for all employees, and contracting special occupational doctors and nurses to provide on-site health services for employees, so as to better</p>	No difference

Pushing items	Implementation status (note 1)			Difference from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summarized explanation	
(d) Whether or not the company has set up an effective development and training plan for the capabilities necessary for employees' career?	V		<p>understand the health status of employees and use it as a basis for work assignment and working environment improvement; implementing fire drills every six months, promoting smoke-free workplaces, and formulating measures to prevent employees from suffering unlawful abuses; practicing 5S campaign, continuing to conduct employee safety and health training, publicity, communications and consultations, and regularly disclosing the above protective measures on the "employee on-the-job training section" of the company's official website. The company encourages all employees to join efforts to improve and care for environmental facilities, hoping to achieve zero disasters and zero accidents while building a friendly, safe and healthy working environment.</p> <p>d. In order to cultivate the morality of employees and boost their quality, professional capability and work efficiency, the company, in addition to arranging pre-employment training courses and organizing various educational training programs for new employees upon their arrival, also conducts professional technical trainings in accordance with different job functions and business requirements to enhance their own academic skills to facilitate mission accomplishment. The company also holds regular courses for reserve specialists and reserve managers every year to provide career planning and training for potential employees.</p>	No difference
(e) Whether or not the company has formulated policy protecting consumer interests and complaint procedure concerning customer health and safety, customer privacy, marketing, and labeling related to its products and services, in line with related legal requirements and international criteria?	V		<p>e. The company collects personal data mainly for the business needs of providing home delivery services, and the data is only for use by the company and its outsourced partners. The company totally complies with the provisions of the Personal Data Protection Act in collecting, processing and using personal data. In order to ensure the security of user data transmission, the company's official website uses Symantec SSL server digital certificates to securely encrypt personal privacy, transaction contents and various confidential data. The rights and interests of consumers pertaining to their home delivery shipments are clearly stated in Article 21 of the</p>	No difference

Pushing items	Implementation status (note 1)			Difference from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summarized explanation	
(f) Whether or not the company has formulated supplier management policy, requiring suppliers to comply with related regulations in environmental protection, occupational safety and hygiene, and labor rights, plus execution of the policy?	V		consignment terms, and the company also provides a consumer complaint hotline at 02-6618-1818, as well as online customer services on its website or webmail to further safeguard their rights and interests. f. In order to ensure that contractors, during their operations at the company's workplaces, can avoid occupational accidents that may cause injuries to the company's employees, or contractors and their workers, and follow relevant laws and regulations, the company has formulated a set of safety and health management rules for outsourced contractors, governing their management principles and obligations concerning safety and health and environmental protection while also encouraging excellent contractors. Contractors covered in the rules include those engaged in new construction, overhaul engineering, repair, maintenance, equipment installation, distribution of goods, etc. after they sign engineering or business cooperation agreements with the company.	No difference
e. Whether or not the company has referred to international universal criteria and guidelines in compiling report disclosing corporate non-finance information such as CSR report, and obtain assurance or guarantee for the report from third-party certification body?	V		In 2022, the company took the internationally accepted report-compilation standards or guidelines as a reference in compiling its 2021 Sustainability Report to disclose its non-financial information. The report has obtained confirmation or guarantee opinions from a third-party verification agency.	No difference Corporate social responsibility (CSR) report was changed to sustainability development report in 2021.
f. If company has formulated sustainability principles according to "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe its difference from the latter in operation: No difference				
<p>G. Other key information conducive to understanding of the company's execution status for sustainable development</p> <p>Taking advantage of its expertise in logistics, Taiwan Pelican Express has been collaborating with various charities and public-service foundations, such as Chung Yi Social Welfare Foundation, Zenan Homeless Social Welfare Foundation, Hwa Shu Charity Foundation, and TECO Technology Foundation, in delivering various goods to places in need.</p> <p>In Sept. 2022, the company provided NT\$200,000 of subsidy for bus services in Zhuoxi and Wannung villages of Hualien County and helped them establish bus-service booking platform. For details of the company's public services, please access https://www.e-can.com.tw/aboutUs_duty.aspx and there are brief introduction to the company's CSR operation in annual report.</p>				

(F) Operating status of corporate ethical management and difference from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons:

Evaluation items	Operating status (note 1)			Difference from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summarized explanation	
A. Formulation of ethical management policy and program				
(a) Whether or not the company has put in place an ethical-management policy approved by the board of directors and has described explicitly its ethical-management policy and measures, as well as pledge of the board of directors and management for implementation of the policy, in its regulations and external documents?	V		(a) The company has formulated "ethical management best practice principles" and specified its ethical management policy in its regulations and external documents, plus pledge of the board of directors and management to actively materialize the policy in its internal management and outward business activities.	No difference
(b) Whether or not the company has established evaluation system for risk of unethical conduct, calling for regular analysis and evaluation of business activities with higher risk of unethical conduct in its business scope and formulation of program preventing unethical conducts accordingly, including at least preventive measures for conducts specified in article 7-2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(b) The company has formulated "ethical management best practice principles, specifying operating procedure or behavioral norms for preventing unethical behaviors and setting out noticeable items for directors, managerial staff, employees, or persons with substantive controlling ability in the execution of their duties. The company has also put in place "code of employee conduct," setting out detailed operating norms, such as printing of corporate logo on gifts for business partners. Employees are liable to penalties set in related laws/regulations and work rules for unethical conduct. There are dedicated mailbox or phone number for insiders and outsiders to report irregularities, disclosed on the corporate website→ investor section→ corporate governance→ corporate bylaw→ employee conduct code.	No difference
(c) Whether or not the company has specified in its program preventing unethical conducts operating procedure, code of conduct, punishment for offense and appeal system,	V		(c) The company has formulated "ethical management best practice principles," "ethical management operating rules," and "code of employee conduct," plus prevention program and irregular auditing, to assure continuing effectiveness of the system's design and execution, as well as	No difference

Evaluation items	Operating status (note 1)			Difference from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summarized explanation	
with faithful implementation, plus regular review and modification of the aforementioned program?			annual review and revision.	
B. Materialization of ethical management (a) Whether or not the company has evaluated the ethical record of business partners and included ethical-behavior article in the contracts signed with them?	V		(a) When the company signs major contracts with others, its contents should contain abidance with the ethical management policy, enabling the company to terminate or invalidate the contracts, should the counterparty of the transaction be found to be involved in unethical conduct.	No difference
(b) Whether or not the company has setup up dedicated unit to push corporate ethical management and report ethical management policy, program preventing unethical conducts, and supervision of execution to the board of directors regularly (at least once a year)?	V		(b) For materialization of sound ethical management, the company has human-resources and legal affairs units in charge of the formulation of ethical management policy and its execution on a part-time basis, the auditing unit responsible for supervision, and the auditing section handling auditing for regular report (once a year) of the auditing results to the board of directors. Operation and execution status in the current years follow: 1. Introduction to staffers (1) Human resources unit is headed by manager Chang Pao-wen, who and section chief are in charge of setting up and adjusting the company's channel for reporting unethical behaviors and subsequently handling of the irregularities. (2) The legal affairs unit is headed by special assistant Hu Hsiang-sheng, overseeing specialists in the unit in formulating and revising the company's ethical management best practice principles and promotion. 2. Responsibilities: (1) Setup and adjustment of the company reporting channel; (2) Formulation and revision of the company's ethical management best practice principles; (3) Holding of employee behavior evaluation council to discuss handling of discovered unethical behaviors; (4) Investigation of unethical behaviors	No difference

Evaluation items	Operating status (note 1)			Difference from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summarized explanation	
			<p>and follow-up legal actions.</p> <p>3. Work plan:</p> <p>(1) Revision of ethical management best practice principles, in line with the instruction of the competent authority;</p> <p>(2) Periodic promotion of ethical management-related practices.</p> <p>(3) Review and adjust the company's reporting channel.</p> <p>(4) Study measures for intensifying prevention of unethical behaviors.</p>	
(c) Whether or not the company has formulated policy to prevent conflict of interests, provided proper channels for expression of opinions, and faithfully implemented them?	V		<p>(c) The company has put in place "ethical management best practice principles," calling for formulation of policy avoiding conflict of interests, setting out employee code of ethics, and actively preventing unethical behaviors. According the company's code of employee conduct, employees are obligatory to report unethical behaviors, via the following channels:</p> <p>1. mailbox for reporting corrupt and unethical behaviors: hr01@e-can.com.tw (reporting mails will be forwarded to chiefs of human resources division, auditing section, and legal affairs office).</p> <p>2. Delivery of report: Employees can send reports on irregularities to chief of human resources division via mail or in person.</p> <p>3. There are dedicated mailbox or phone number for insiders and outsiders to report irregularities, disclosed on the corporate website→ investor section→ corporate governance→ corporate bylaw→ employee conduct code.</p>	No difference
(d) Whether or not the company has established, for materialization of ethical management policy, an effective accounting system, internal-control system, and has in-house auditing unit carrying out regular auditing or commissioned certified public account to conduct auditing?	V		<p>(d) For materializing ethical management, the company has put in place effective accounting system and internal control system, as well as "ethical management best practice principles," "ethical management operating rules," and "code of employee conduct," plus prevention program and auditing, on regular or irregular basis, according to annual auditing program, to assure continuing effectiveness of the system's design and execution, as well as annual review and revision, so as to establish good corporate governance and risk management mechanism, as basis for evaluating the validity of the internal control system ad producing statement on</p>	No difference

Evaluation items	Operating status (note 1)		Summarized explanation	Difference from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No		
(e) Whether or not the company has held education/training, inside or outside the company, on ethical management?	V		<p>internal control system.</p> <p>(e) To cultivate employee ethics and raise their quality, professional ability, and work efficiency, in addition to training courses for newcomers and regular training and education, the company has arranged professional-skill training, to help employee complete their missions.</p> <p>Human resources division: In 2022, the human resources division disseminated irregularly the message on the importance of ethics among all the employees via inside and outside education and training, helping employees understand and abide by related norms.</p> <p>(1) The human resources division conducted online education and training for newcomers in 2022, covering legal affairs, vocational safety and hygiene, and code of employee conduct, which was attended by 566 person/times, totaling 1,132 hours in time.</p> <p>(2) The company also held nine sessions of courses and promotion on corporate social responsibility and code of employee conduct, attended by 733 person/times, totaling 633 hours in time, as well as courses on human-right policy, attended by 578 person/times, totaling 578 hours in time.</p> <p>Legal affairs: The company held nine inside and outside sessions of education and training on ethical management-related issues in 2022, attended by 164 person/times.</p>	No difference

Evaluation items	Operating status (note 1)			Difference from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summarized explanation	
<p>C. Status of the operation of the company's reporting system</p> <p>(a) Whether or not the company has established a substantive reporting system and convenient reporting channels, in addition of designation of proper staffers for handling the reporting?</p>	V		<p>(a) The company encourages employees and third parties to report suspected, witnessed, or personal unfair treatments at workplace and violation of the ethical management best practice principles to managers in charge or human resources unit, without malicious framing, via the following reporting channels:</p> <ol style="list-style-type: none"> 1. mailbox for reporting corrupt and unethical behaviors: hr01@e-can.com.tw (reporting mails will be forwarded to chiefs of human resources division, auditing section, and legal affairs office). 2. Delivery of report: Employees can send reports on irregularities to chief of human resources division via mail or in person. 3. There are dedicated mailbox or phone number for insiders and outsiders to report irregularities, disclosed on the corporate website→ investor section→ corporate governance→ corporate bylaw→ employee conduct code. 	No difference
<p>(b) Whether or not the company has formulated standard investigative procedure and related confidentiality mechanism for handling reporting?</p>	V		<p>(b) After receiving report on irregularities, the human resources, legal affairs office, or auditing chief would conduct investigation and report the findings and subsequent handling to the president, carried out in a confidential manner, with investigators forbidden to leak names of informants or other information capable revealing the latter's identity. Employees found to violate corporate bylaws in the investigation are subject to penalties, according to work rules and penalties determined by employee affairs evaluation council, in the case of serious violations of corporate bylaws.</p>	No difference
<p>(c) Whether or the company has adopted measures protecting informants from improper treatment?</p>	V		<p>(c) Designated investigators for reported cases should not leak the names of informants or other information capable of revealing the latter's identify. Subjects of the reported cases should not have any acts of revenge or threat against the informants, who can inform the human resources unit of any revenge, threat, or harassment for immediate response from the company.</p>	No difference
<p>D. Intensification of information disclosure</p> <p>(a) Whether or not the company</p>	V		<p>The company has posted the ethical management best practice principles on the</p>	No difference

Evaluation items	Operating status (note 1)			Difference from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summarized explanation	
has disclosed its ethical management principles and execution results on its website and the Market Observation Post System?			corporate website and the Market Observation Post System and disclosed execution status and result.	
E. For company with own ethical management principles, formulated according to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," describe the operation of its own principles and the difference with the later: no difference.				
F. Other key information conducive to the understanding of the operation of the company's ethical management (such as how does the company review and revise its ethical management principles): nil.				

- (g) Inquiry method for the company's corporate governance principles and other related regulations: The company's "corporate governance principles" with 52 articles are available d on the corporate website for access by shareholders. For detailed information, please access <http://www.e-can.com.tw/upload/UserFiles/公司治理實務守則現行條文.pdf>

(h) Other key information conducive to the understanding of the operating status of the company's corporate governance:

1. The company's material information is all available on the Market Observation Post System, in compliance with the regulation of the competent authority.
2. Study by directors in 2022

Title	Name	Date	Organizer	Name of course	Study hour
Chairman	TECO Electric & Machinery Co., Ltd. Representative : CHIU CHWEN-JY	2022/8/15	Taiwan Investor Relations Institute	International economic outlook for 2nd half 2022	3 hours
		2022/12/23	Taiwan Investor Relations Institute	Regulatory development amid confrontational international order: From control of key technologies to global AI governance	3 hours
Director	TECO Electric & Machinery Co., Ltd. Representative : HUANG MAO-HSIUNG	2022/4/13	Securities & Futures Institute	Commissioned by Taiwan High Speed Rail Corporation--workshop for directors, supervisors (independent directors), and corporate-governance chiefs (external innovation and sustainable development)	3 hours
		2022/8/3	Securities & Futures Institute	Commissioned by Taiwan High Speed Rail Corporation--workshop for directors, supervisors (independent directors), and corporate-governance chiefs (Legitimacy of Cyber Security Management Act under the threat of ransomware)	3 hours
		2022/8/15	Taiwan Investor Relations Institute	International economic outlook for 2nd half 2022	3 hours
Director	TECO Electric & Machinery Co., Ltd. Representative : PENG CHI-TSENG	2022/8/15	Taiwan Investor Relations Institute	International economic outlook for 2nd half 2022	3 hours
		2022/12/23	Taiwan Investor Relations Institute	Regulatory development amid confrontational international order: From control of key technologies to global AI governance	3 hours
Director	TECO Electric & Machinery Co., Ltd. Representative : HSU CHING-YI	2022/8/15	Taiwan Investor Relations Institute	International economic outlook for 2nd half 2022	3 hours
		2022/12/23	Taiwan Investor Relations Institute	Regulatory development amid confrontational international	3 hours

Title	Name	Date	Organizer	Name of course	Study hour
			Institute	order: From control of key technologies to global AI governance	
Director	TECO Electric & Machinery Co., Ltd. Representative : KURO TZU-YI	2022/8/15	Taiwan Investor Relations Institute	International economic outlook for 2nd half 2022	3 hours
		2022/12/23	Taiwan Investor Relations Institute	Regulatory development amid confrontational international order: From control of key technologies to global AI governance	3 hours
Director	ITOCHU Taiwan Corporation Representative : MATSUI MANABU	2022/9/2	Taiwan Corporate Governance Association	Business secrets and intellectual property	3 hours
		2022/9/2	Taiwan Corporate Governance Association	Corporate competition and fair trade	3 hours
		2022/12/23	Taiwan Investor Relations Institute	Regulatory development amid confrontational international order: From control of key technologies to global AI governance	3 hours
Director	ITOCHU Taiwan Corporation Representative : YAMAMOTO KAZUTOSHI	2022/8/16	Taiwan Corporate Governance Association	Materialization of ESG management	3 hours
		2022/9/2	Taiwan Corporate Governance Association	Business secrets and intellectual property	3 hours
		2022/9/2	Taiwan Corporate Governance Association	Corporate competition and fair trade	3 hours
		2022/12/23	Taiwan Investor Relations Institute	Regulatory development amid confrontational international order: From control of key technologies to global AI governance	3 hours

Title	Name	Date	Organizer	Name of course	Study hour
Director	AN-SHIN FOOD SERVICES CO., LTD. Representative : LIN CHIEN-YUAN	2022/2/18	Taiwan Corporate Governance Association	Unlocking key password for financial statement	3 hours
		2022/8/15	Taiwan Investor Relations Institute	International economic outlook for 2nd half 2022	3 hours
Independent director	LIN WAN-YING	2022/8/15	Taiwan Investor Relations Institute	International economic outlook for 2nd half 2022	3 hours
		2022/12/23	Taiwan Investor Relations Institute	Regulatory development amid confrontational international order: From control of key technologies to global AI governance	3 hours
Independent director	CHEN WUN-HWA	2022/8/15	Taiwan Investor Relations Institute	International economic outlook for 2nd half 2022	3 hours
		2022/12/23	Taiwan Investor Relations Institute	Regulatory development amid confrontational international order: From control of key technologies to global AI governance	3 hours
Independent director	LIEN YUAN-LUNG	2022/7/21	Taiwan Institute for Sustainable Energy	March toward net zero emission current and countermeasures	3 hours
		2022/8/15	Taiwan Investor Relations Institute	International economic outlook for 2nd half 2022	3 hours

(i) Execution status of internal control system

1. Statement on internal control system

Statement on internal control system of
Taiwan Pelican Express Co., Ltd.

Feb. 23, 2023

Based on self review, the company makes the following statement on the company's internal control system in 2022:

- (1) The company is fully aware that establishment, execution, and maintenance of internal control system is the duty of the company's board of directors and managerial staff; therefore, the company has established the system. The purpose is to provide reasonable assurance for the efficacy and efficiency of operation (including profitability, performance, and protection of the safety of assets), the reliability, timeliness, and transparency of reports, and compliance with related norms, regulations, and laws.
- (2) Internal control system has its inherent constraint, as it, no matter how perfect is its design, can only provide reasonable assurance for the attainment of the aforementioned three objectives. In addition, change in environment and status may affect the efficacy of internal control system. Therefore, the company's internal control system has a mechanism of self supervision, capable of locating defects for immediate rectification.
- (3) The company evaluates the efficacy of its internal control system, according to the evaluation items contained in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" ("regulations" in short hereafter), which divides internal control system into five constituents, according to the procedure of management control: 1. control environment, 2. risk management, 3. control activities, 4. information and communications, 5. monitoring activities, with each containing several items (refer to the stipulations of the "regulations."
- (4) The company has employed the aforementioned evaluation items in checking the efficacy of the design and execution of the internal control system.
- (5) Based on the aforementioned evaluation, the company believes that with reasonable assurance, the company's internal control system (including supervision and management of subsidiaries) as of Dec. 31, 2022 had been effective in both design and execution concerning understanding of the efficacy and efficiency of management, reliability, timeliness, and transparency of reports, and compliance with related norms, regulations, and laws.
- (6) The statement will be publicized, as a major part of the company's annual report and prospectus. Falsehood, concealment, and other illegalities in the aforementioned publicized contents would entail legal responsibilities, according to article 20, article 32, article 171, and article 174 of the Securities and Exchange Act.
- (7) The statement was approved by the company's board of directors on Feb. 23, 2023, endorsed by all of the 11 directors in attendance, without any contrary opinion.

Chairman CHIU CHWEN-JY
President PENG CHI-TSENG
Taiwan Pelican Express Co., Ltd.

2. In case review of internal control system is outsourced to certified public accountant, disclose the CPA review report: nil.

(j) Legal punishment for the company and its staffers or punishment of its staffers by the company for violation of regulations of internal control system, major defects, and situation of improvement in the latest year and as of the date of the publication of the annual report: nil.

(k) Major resolutions of shareholders' meeting and the board of directors in the latest year and as of the date of the printing of the annual report:

1. Major resolutions of the board of directors in the latest year and as of the date of the printing of the annual report:

The board of directors	2022/02/23	<p>(1) The company's 2021 business report and financial statement, the latter to be submitted to the shareholders' meeting for acknowledgement</p> <p>(2) Payout for 2021 compensations for directors, followed by report to 2022 shareholders' meeting.</p> <p>(3) Payout for 2021 compensations for employees, followed by report to 2022 shareholders' meeting.</p> <p>(4) Distribution of 2021 earnings, setting cash dividend at NT\$2.1 per share, totaling NT\$200,480,700, followed by submission to 2022 shareholders' meeting for acknowledgement</p> <p>(5) Time, venue, and agenda for 2022 shareholders' meeting.</p> <p>(6) Move of "Taipei transshipment center" and construction of new plant building, with the lease starting from March 1, 2022 through Feb. 28, 2042, and usage-right assets totaling NT\$149,631,128 in value.</p> <p>(7) The term of the contract for construction of the new "Taipei transshipment center" plant building starts from March 1, 2022 through Dec. 31, 2022, with the engineering contract totaling NT\$51,700,000 in value.</p>
The board of directors	2022/05/27	<p>(1) The base date for the payout of cash dividend was set on June 22, 2022, with cash dividend totaling NT\$200,480,700, or NT\$2.1 per share, whose payout date was set on July 6, 2022.</p>
The board of directors	2022/06/17	<p>(1) Change of the company's high-ranking manager, appointing Peng Chi-tseng as the president, in place of Hsu Ching-yi</p> <p>(2) Promotion Chou Cheng-hsiung to vice presidency, up from original assistant vice president of the logistics head division.</p>
The board of directors	2022/12/15	<p>(1) The company's 2023 business and capital outlay budget</p> <p>(2) Formulation of the company's 2023 auditing plan</p> <p>(3) Change of accounting chief: appointing Chang Chieh-ming as accounting chief, in place of Liu Jih-sheng, effective Nov. 25, 2022</p>
The board of directors	2023/02/23	<p>(1) The company's 2022 business report and financial statement, the latter of which to be submitted to 2023 shareholders' meeting for acknowledgement</p> <p>(2) 2022 payout of compensations for directors, followed by report to 2023 shareholders' meeting</p> <p>(3) 2022 payout of compensations for employees, followed by report to 2023 shareholders' meeting</p> <p>(4) Distribution of 2022 earnings, setting cash dividend at NT\$1.5 per share, totaling NT\$143,200,500, followed by submission to 2022 shareholders' meeting for acknowledgement</p> <p>(5) Time, venue, and agenda for 2023 shareholders' meeting</p>

		(6) Change of contracted builder for "Taipei transshipment center" and budget increase: commissioning K C Construction Building Co., Ltd. to construct the building at construction cost of NT\$60,000,000, plus 10% management fee.
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2. Major resolutions of 2022 shareholders' meeting (2022/05/27) and execution status

No.	Resolution	Execution status
1	Passage of "2021 business report and financial statement	Passage with the support of shareholders in attendance accounting for 99.85% of total voting rights.
2	Passage of "2021 earnings distribution," setting cash dividend at NT\$2.1 per share	1. Passage with the support of shareholders in attendance accounting for 99.84% of total voting rights. 2. Setting ex-cash dividend date on June 22, 2022, with cash dividends having been paid out on July 6, 2022

(l) Opinion of director, on record or in written form, contrary to major resolutions of the board of directors in the latest year and as of the date of the printing of the annual report: nil

(m) Resignation or dismissal of chairman, president, accounting chief, financial chief, internal auditing chief, corporate-governance chief, and R&D chief in the last year and as of the date of the publication of the annual report:

Table on the resignation/dismissal of related parties:

March 31, 2022

Title	Name	Date for assumption of office	Dismissal date	Reason for resignation or dismissal
President	Hsu Ching-yi	Nov. 9, 2017	July 1, 2022	Need of the business group
Assistant vice president	Liu Shih-chang	Aug. 10, 2017	Oct. 25, 2022	Retirement
Accounting chief	Liu Jih-sheng	May 5, 2021	Nov. 25, 2022	Career plan

E. Information on professional fee for certified public accountants

(a) Disclosure of information on auditing fee paid to certified public accounts:

Unit: NT\$1,000

Name of accounting firm	Names of certified public accountants	CPA auditing period	Auditing fee	Non-auditing fee (note)	Total	Note
PwC Taiwan	Chih Ping-chun	2022	1,945	670	2,615	
	Lin Chun-yao	2022	1,945	670	2,615	

Specify contents of non-auditing services: NT\$250,000 for taxation certification, 200,000 for English translation of financial statement, NT\$110,00 for other data review, NT\$60,000 for auditing of direct deduction method, and NT\$50,000 for auditing full-time employee pays

Note: Should there be replacement of public accountant or accounting firm, specify auditing periods and explain reasons for the replacement, in addition to disclosing auditing fee and non-auditing fees before and after the replacement, plus contents of non-auditing services.

- (b) Non-auditing fee paid to certified public accountants, their accounting firm and affiliates exceeds one quarter of auditing fee, disclose related information: not applicable.
- (c) Replacement of accounting firm and auditing fee for the replacement year lower than amount in the year prior to the replacement: not applicable.
- (d) Auditing fee decreases over 10% from the previous year: The auditing fee of previous year includes NT\$250,000 for taxation certification, consistent with this year after exclusion.

F. Replacement of CPAs: nil

G. In case the company's chairman, president, or financial or accounting manager serve at the accounting firm of certified public account or its affiliate in recent one year, disclose related information : nil.

H. The situation of share transfer and change in shareholding pledge by directors, managerial staff, and shareholders with over 10% shareholding in the recent year and as of the date of the printing of the annual report:

a. Change in shareholding by directors, supervisors, managerial staffers, and major shareholders:

March 31, 2023

Title	Name	2022		As of March 31 of the current year	
		Amount of shareholding increase (decrease)	Increased (decreased) amount of pledged shares	Amount of shareholding increase (decrease)	Increased (decreased) amount of pledged shares
Chairman	TECO Electric & Machinery Co., Ltd. Representative : CHIU CHWEN-JY	0	0	0	0
Director	TECO Electric & Machinery Co., Ltd. Representative : HUANG MAO-HSIUNG	0	0	0	0
Director	TECO Electric & Machinery Co., Ltd. Representative : HSU CHING-YI	0	0	0	0
Director	TECO Electric & Machinery Co., Ltd. Representative : PENG CHI-TSENG	0	0	0	0
Director	TECO Electric & Machinery Co., Ltd. Representative : KUO TZU-YI	0	0	0	0
Director	AN-SHIN FOOD SERVICES CO., LTD. Representative : LIN CHIEN-YUAN	0	0	0	0
Director	ITOCHU Taiwan Corporation Representative : MATSUI MANABU	0	0	0	0

Title	Name	2022		As of March 31 of the current year	
		Amount of shareholding increase (decrease)	Increased (decreased) amount of pledged shares	Amount of shareholding increase (decrease)	Increased (decreased) amount of pledged shares
Director	ITOCHU Taiwan Corporation Representative : : YUKI HORIUCHI	0	0	0	0
Director	ITOCHU Taiwan Corporation Representative : YAMAMOTO KAZUTOSHI	0	0	0	0
Independent director	CHEN WUN-HWA	0	0	0	0
Independent director	LIN WAN-YING	0	0	0	0
Independent director	LIEN YUAN-LUNG	0	0	0	0
Managerial staffer	HSU CHING-YI	0	0	0	0
Managerial staffer	CHOU CHENG-HSIUNG	0	0	0	0
Managerial staffer	WANG PO-KANG	0	0	0	0
Managerial staffer	LIU SHIH-CHANG	0	0	0	0
Major shareholder	TECO Electric & Machinery Co., Ltd.	0	0	0	0
Major shareholder	ITOCHU Taiwan Corporation	0	0	0	0

Note 1: Shareholders with over 10% shareholding should be specified as major shareholder and listed separately.

Note 2: Filling in the following table, in case the recipient of share transfer or pledged shares is a related party.

Note 3: Hsu Ching-Yi was relieved of his post on Jul. 1, 2022, before that there was no change in his shareholding or the amount of pledged shares.

Note 4: Peng Chi-Tseng was assumed the office on Jul. 1, 2022, after that there was no change in his shareholding or the amount of pledged shares.

Note 5: Liu Shih-change was relieved of his post on Oct. 25, 2022, before that there was no change in his shareholding or the amount of pledged shares.

b. Information on share transfer

Name	Reason for share transfer	Transaction date	Trading counterparty	Relationship of trading counterparty with the company, directors, and shareholders with over 10% shareholding	Amount of shares	Transaction price (NT dollar)
Nil						

c. Information on pledged share

Name	Reason for change in pledged shareholding	Date of change	Trading counterparty	Relationship of trading counterparty with the company, directors, and shareholders with over 10% shareholding	Amount of shares	Percentage of shareholding	Percentage of pledged shareholding	Pledged (redeemed) value
Nil								

I. Information on top 10 shareholders and the existence of close interrelationship, including spouse or relatives within second-degree kinship:

March 20, 2023

Name	Shareholding of shareholder		Shareholding of spouse and minor children		Shareholding in others' names		Names and relationship of other top 10 shareholders with the relationship specified in Statement of Financial Accounting Standards No. 6 or the relationship of spouse of relative within 2nd-degree kinship		Note
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Title (or name)	Relationship	
TECO Electric & Machinery Co., Ltd. Representative : CHIU CHWEN-JY	24,121,700	25.27%	0	-	0	-	TECO Capital Investment Co., Ltd.	Parent company-subsiary	
							TECO International Investment Co., Ltd.		
							AN-SHIN FOOD SERVICES CO., LTD.	It is an affiliated enterprise of said institutional shareholder	
							TECO Image Systems (TIS) Co., Ltd.	Creative Sensor Co., Ltd., an affiliated company of Teco Image Systems(TIS) Co., Ltd., is a juridical person director of TECO Electric & Machinery Co., Ltd.	
							Creative Sensor Co., Ltd.	It is a juridical person director of said institutional shareholder.	
ITOCHU Taiwan Corporation Representative : MATSUI MANABU	18,138,500	19.00%	0	-	0	-		-	

Name	Shareholding of shareholder		Shareholding of spouse and minor children		Shareholding in others' names		Names and relationship of other top 10 shareholders with the relationship specified in Statement of Financial Accounting Standards No. 6 or the relationship of spouse of relative within 2nd-degree kinship		Note
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Title (or name)	Relationship	
TECO Capital Investment Co., Ltd. Representative : HUANG MAO-HSIUNG	6,474,468	6.78%	0		0	-	TECO Electric & Machinery Co., Ltd.	1.Parent company-subsiary 2. It is a juridical person director of Teco Capital Investment Co., Ltd.	
							TECO International Investment Co., Ltd	1.Its chairman is the same as the one of said institutional shareholder. 2.It's a supervisor of said institutional shareholder	
	200,000	0.21%	0	-	0	-	AN-SHIN FOOD SERVICES CO., LTD.	Other related party	
							TECO Image Systems (TIS) Co., Ltd.	Its chairman is a second-degree relative of the one of said institutional shareholder	
							Creative Sensor Co., Ltd.		
Nippon Express Co., Ltd. Representative : MITSURU SAITO	4,441,000	4.65%	0	-	0	-	-	-	
KuangChuan Dairy Co., Ltd. Representative : WANG LIN-HSIANG	1,647,500	1.73%	0	-	0	-	-	-	
AN-SHIN FOOD SERVICES CO., LTD. Representative : LIN CHIEN-YUAN	1,556,000	1.63%	0	-	0	-	TECO Electric & Machinery Co., Ltd.	Other Related party	
							TECO Capital Investment Co., Ltd	Other Related party	
							HUANG MAO-HSIUNG	He is a director of said institutional shareholder	
TECO International Investment Co., Ltd. Representative : HUANG MAO-HSIUNG	1,266,332	1.33%	0	-	0	-	TECO Electric & Machinery Co., Ltd.	Parent company-subsiary	
							TECO Capital Investment Co., Ltd	Its chairman is the same as the one of said institutional shareholder	
	200,000	0.21%	0	-	0	-	TECO Image Systems (TIS) Co., Ltd. Creative Sensor Co., Ltd	Its chairman is a second-degree relative of the one of said institutional shareholder	
TECO Image Systems (TIS) Co., Ltd. Representative: HUANG YU-JEN	281,000	0.29%	0	-	0	-	TECO Electric & Machinery Co., Ltd.	Its juridical director is an affiliated company of said institutional shareholder.	
							TECO Capital Investment Co., Ltd	Its chairman is a second-degree relative of the one of said institutional shareholder	
							TECO International Investment Co., Ltd		
							Creative Sensor INC	1.Its chairman is the same person as the one of said institutional shareholder 2.Is a director of TECO Image Systems CO., LTD.	
							HUANG MAO-HSIUNG	He is a second-degree relative of the chairman of said institutional shareholder	

Name	Shareholding of shareholder		Shareholding of spouse and minor children		Shareholding in others' names		Names and relationship of other top 10 shareholders with the relationship specified in Statement of Financial Accounting Standards No. 6 or the relationship of spouse of relative within 2nd-degree kinship		Note
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Title (or name)	Relationship	
Creative Sensor INC. Representative HUANG YU-JEN	281,000	0.29%	0	-	0	-	TECO Electric & Machinery Co., Ltd.	Related party	
							TECO Capital Investment Co., Ltd	Its chairman is a second-degree relative of the one of said institutional shareholder	
							TECO International Investment Co., Ltd		
							TECO Image Systems (TIS) Co., Ltd.	1. Its chairman is the same person as the one of said institutional shareholder 2. Is a director of said institutional shareholder.	
							HUANG MAO-HSIUNG	He is a second-degree relative of the chairman of said institutional shareholder	
HUANG MAO-HSIUNG	200,000	0.21%	0	-	0	-	TECO Capital Investment Co., Ltd	Chairman	
							TECO International Investment Co., Ltd		
							AN-SHIN FOOD SERVICES CO., LTD.	Director	
							TECO Image Systems (TIS) Co., Ltd.	Its chairman is a second-degree relative of HUANG MAO-HSIUNG	
Creative Sensor Co., Ltd									

J. The amount of total shareholding of the company and the company's directors, managerial staff, and directly or indirectly controlled enterprises in an invested enterprise and percentage of consolidated shareholding.

Invested enterprises	Investment by the company		Investment by the company's directors, managerial staff, and directly or indirectly controlled enterprises		Consolidated investment	
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding
Pelecanus Express Pte. Ltd.	900,000	100%	-	-	900,000	100%
Pelican Express(Vietnam)Co.,Ltd.	-	100%	-	-	-	100%

IV. Execution status of Fund raising and fund utilization plan

A. Capital and share capital

(a) Sources of share capital

1. Process for formation of share capital

March 31, 2023/unit: 1,000 shares/NT\$1,000

Year/ month	Issuance price	Approved share capital		Paid-in capital		Note		
		Number of shares	Value	Number of shares	Value	Sources of share capital	Share subscription with non-cash assets	Others
1999.09	10	2,500	25,000	2,500	25,000	Founding capital	Nil	Note 1
2000.07	10	50,000	500,000	19,000	190,000	Name change from Yi Chieh Logistics Co. Ltd. to Taiwan Pelican Express Co. Ltd.	Nil	Note 1
2001.01	15	50,000	500,000	45,000	450,000	26,000,000 shares via cash capital increase	Nil	Note 1
2002.04	12	65,000	650,000	56,000	560,000	11,000,000 shares via cash capital increase	Nil	Note 1
2004.08	10	100,000	1,000,000	72,000	720,000	Issuance of 16,000,000 preferred A shares	Nil	Note 1
2005.02	10	100,000	1,000,000	86,000	860,000	Issuance of 14,000,000 preferred A shares	Nil	Note 1
2011.10	10	100,000	1,000,000	86,000	860,000	Conversion of 30,000,000 preferred shares into common shares	Nil	Note 1
2013.12	10	100,000	1,000,000	95,467	954,670	9,467,000 shares via cash capital increase	Nil	Note 2

Note 1 : No specification of the effective date and official document No. for capital increase, since the change of share capital didn't occur within recent five years

Note 2 : Approval mail No. 10301002430, dated 2014

2. Total share number

March 31, 2023/unit: 1,000 shares

Kind of share	Approved share capital			N o t e
	Number of shares in circulation (note)	Number of unissued shares	Total	
Common shares of listed company	95,467	4,533	100,000	

Note: Specify where the stock is listed on Taiwan Stock Exchange of Taipei Exchange (if the stock is subject to restricted trading, specify)

3. Aggregation of Information on Reporting System

Types of securities	Planned issuance amount		Issued number		Purpose and expected benefit of issued shares	Planned issuance time for unissued shares	Note
	Total amount of shares	Approved value	Number of shares	Price			
Nil							

(b) Shareholder structure :

Dec. 20, 2023

Shareholder structure Amount	Government agency	Financial institution	Other institutional investors	Individual	Foreign institutions and foreigners	Total
Number of shareholders	0	0	33	18,557	35	18,625
Shareholding	0	0	53,947,568	36,616,799	4,902,633	95,467,000
Shareholding ratio (%)	-	-	56.51%	38.35%	5.14%	100.00%

(c) Distribution of shareholding

Mar. 20, 2023

Shareholding grading	Number of shareholders	Amount of shareholding	Percentage of shareholding
1-999	4,849	558,285	0.58%
1,000-5,000	12,600	21,930,983	22.97%
5,001-10,000	788	6,245,115	6.54%
10,001-15,000	168	2,144,701	2.25%
15,001-20,000	87	1,616,749	1.69%
20,001-30,000	59	1,506,000	1.58%
30,001-40,000	27	971,730	1.02%
40,001-50,000	20	948,605	0.99%
50,001-100,000	16	987,332	1.03%
100,001-200,000	2	350,000	0.37%
200,001-400,000	2	562,000	0.59%
400,001-600,000	-	-	-
600,001-800,000			
800,001-1,000,000			
Over 1,000,001	7	57,645,500	60.39%
Total	18,625	95,467,000	100.00%

Preferred stocks

Mar. 20, 2023

Shareholding grading	Number of shareholders	Amount of shareholding	Percentage of shareholding
Nil			

(d) Major shareholders :

Names and amount and percentage of shareholding of shareholders with over 5% shareholding or on the list of top 10 shareholder

Names of major shareholders	Shareholding Amount of shareholding	Percentage of shareholding
TECO Electric & Machinery Co., Ltd.	24,121,700	25.27%
ITOCHU Taiwan Corporation	18,138,500	19.00%
TECO Capital Investment Co., Ltd.	6,474,468	6.78%
Nippon Express Co., Ltd.	4,441,000	4.65%
KuangChuan Dairy Co., Ltd.	1,647,500	1.73%
AN-SHIN FOOD SERVICES CO., LTD.	1,556,000	1.63%
TECO International Investment Co., Ltd.	1,266,332	1.33%
TECO Image Systems (TIS) Co., Ltd.	281,000	0.29%
CREATIVE SENSOR Co., Ltd.	281,000	0.29%
HUANG MAO-HSIUNG	200,000	0.21%

(e) Market share price, net worth, earnings, and stock dividends in recent two years

Unit: NT\$; 1,000 shares

Item		Year		As of March 31, 2023	
		2021	2022		
Market share price	Highest	152.5	101.00	56.00	
	Lowest	31.10	39.00	46.20	
	Average	64.37	61.02	51.10	
Net worth per share	Before distribution	28.81	23.03	Not applicable	
	After distribution	26.71	(note 1)	Not applicable	
Earnings per share	Weighted average number of shares	95,467	95,467	Not applicable	
	Earnings per share	2.52	1.85	Not applicable	
Dividend per share	Cash dividend		2.1	1.5(note 1)	Not applicable
	Stock grant with earnings	0	0	Stock grant with earnings	Not applicable
	Stock grant with capital reserve	0	0	Stock grant with capital reserve	Not applicable
	Accrued dividend				Not applicable
Return on investment	Price earnings ratio		25.55	33.02	Not applicable
	Price dividend ratio		30.65	40.68	Not applicable
	Yield rate of cash dividend		0.03	0.02	Not applicable

Note 1 : Proposal for 2022 earnings distribution has not yet approved by the shareholders' meeting

(f) The company's dividend policy and execution status

1. Earning of general final account, if any, should first be appropriated for paying tax and covering accumulated loss, setting aside 10% of the remainder as legal surplus reserve and then special surplus reserve, the latter according to the regulation of the competent authority, and then using the remainder, if any, plus undistributed earnings of the previous year, for the board of directors to formulate proposal for earnings distribution, to be submitted to the shareholders' for approval.

Reserve part of the remainder, if any, taking into account the company's environment, growth stage, funding need for major future plan, and long-term financial plan. The remainder can be combined with up to 50% of accumulated undistributed earnings in the previous year for use by the board of directors, taking into account funding status of the current year and economic development, for distribution of shareholder dividend, half of which should be in the form of cash in principle and no less than 5%.

2. Proposal of dividend payout for the shareholders' meeting:

(1) The proposal for distribution of 2022 earnings is formulated, according to article 28-1 of the corporate charter.

(2) Plan to pay out NT\$1.5 cash dividend per share for common shares.

(3) After approval of the proposal for earnings distribution by the shareholders, plan to authorize the board of directors to decide the ex-dividend base date. Cash dividend for individual shareholders will be paid in rounded amount, with the mantissa to be covered by corporate expense.

(g) Effect of the proposed stock grant for the shareholders' meeting on the company's business performance and earnings per share: not applicable

(h) Compensations for employees and directors:

1. Percentage or scope of compensations for employees and directors specified in the corporate charter:

According to revised Company Act promulgated in May 2015 and the revised corporate charter approved by the shareholders' meeting in May 2016, the company appropriates 0.5-1.5% of pretax earnings, after deduction of payout of compensations for employees and directors, for employee bonus and up to 3% for bonus of directors and supervisors.

2. Estimates for current compensations for employees and directors is based on the number of shares for stock grant for employees and accounting treatment for the difference of amount of actual payout and estimated amount.

After end of a year, should there be major change in payout value set by the board of directors, the amount of change should be adjusted via appropriate of annual expense and should there be share on the date of the resolution by the shareholders' meeting, the change will be handled with accounting estimate followed by adjustment in account.

3. Compensations payout passed by the board of directors

(1) Should there be difference between the values of compensations for employees and directors in the form of cash or stock grant and estimated value for acknowledged expense for the year, disclose the amount of difference, reason, and handling status:

1) Payout of employees compensations in cash: NT\$2,250,000

2) Payout of employees compensations in stock: NT\$0

3) Director compensations: NT\$6,751,000

4) No difference with estimated value

(2) Percentage of employees compensations in stock in the combination of after-tax net profits and employees compensations in individual or separate financial statement: not applicable

4. Should there be difference between actual compensations payout for employees and directors (including the amount of shares, value, and share price) and acknowledged compensations for employees and directors, , disclose the amount of difference, reason, and handling status: not applicable

(i) Share buyback by the company: nil.

**B. Issuance of corporate bond (including overseas corporate bonds):
nil**

C. Issuance of preferred share: nil

D. Issuance of overseas depository receipts: nil

E. Issuance of employee stock option certificates

F. Issuance of restricted stock awards: nil

G. New share issuance for M&A or stock transfer: nil

H. Fund utilization plan and execution status: nil

V. Business Operation Overview

A. Business Contents

a. Business Scope

1. The main business scope of Taiwan Pelican Express Co., Ltd. is to provide nationwide home delivery and warehousing logistics services, which are described as follows:

Home delivery services	Logistics services
(1) Mainly delivering parcels to homes, including B2C (business to consumers) and C2C (consumer to consumer) services.	(1) Mainly providing complete supply chain logistics solutions for corporate customers in the following industries: TV/Internet shopping, health food, daily necessities, cosmetics, home appliances/motors, 3C products, etc.
(2) Service items include: Ambient-temperature and low-temperature delivery, reverse logistics (C2B), same-day delivery; airport luggage collection from home, delivery to home, luggage storage, luggage packing, luggage wrapping, packing materials sales, airline luggage evacuation and smart locker services; in-house logistics delivery services; smart mailing, home-to-store/counter transfer, payment collection, digital signature, and merchandising services.	(2) Service items include: warehousing and handling (incoming goods unloading, picking and sorting, distribution processing, warehousing, return and reverse logistics processing, etc.), transportation and distribution (long-distance transfer, short-distance delivery, home delivery and installation, B2B dedicated truck delivery service), proxy procurement and other services; other customized processes, customer services, cargo tracking and other value-added services.

2. Revenue ratios

Unit: NT\$1,000

Main Service businesses	Year	2021		2022	
		sales value	revenue ratio	sales value	revenue ratio
Home delivery business		3,176,657	71.13%	3,123,137	69.25%
Logistics business		1,247,690	27.93%	1,346,913	29.87%
Others		41,790	0.94%	39,656	0.88%
Total		4,466,137	100.00%	4,509,706	100.00%

3. New products (services) planned to be developed

The company currently is mainly engaged in providing home delivery, logistics and merchandizing services. In 2023, it will continue to deepen the information-centric core competitiveness by striving hard to develop smart logistics, actively joining forces to help hypermarkets carry out online business transformation and cooperation, planning integrated cold chain service solutions for logistics processing, and aggressively materializing corporate governance while moving toward green logistics and sustainable development. The company hopes to bring consumers more convenient services in the era of smart new life.

b. Industry overview

1. Current status and development of the industry

According to the regulations governing automobile transportation operations, the company belongs to the automobile route-freight sector. Statistical data from the Directorate-General of Budget, Accounting and Statistics (DGBAS) under the Executive Yuan can be used to observe the economic scale and development status of the country's transportation and warehousing industry that covers automobile freight, warehousing, postal and express delivery sectors, etc. In 2022, Taiwan scored an economic growth of 2.43%, with GDP contribution by the transportation and warehousing industry reaching NT\$446.5 billion, down 4.6% or NT\$21.4 billion from a year earlier while and the industry's overall workforce showed a slight annual decline of 1% to 294,000 people.

Based on tallies compiled by the Department of Statistics under the Ministry of Economic Affairs, Taiwan's online retail sales hit a record annual high of NT\$493.0 billion in 2022, accounting for 11.5% of the country's total retail sales for the year and representing an annualized increase of 10.9%, compared to the corresponding growth of 22% in 2021. All these figures indicate that the COVID pandemic in the past two years did clearly change consumer spending habits, leading total online retail sales to a new high.

The gradual unsealing of domestic and foreign markets along with the slowdown of the pandemic has sent many consumers gradually returning from online to offline physical channels. As such, a slowing trend can be found in the growth rate of online retail sales and its revenue ratio against total retail sales in 2022. However, online shopping behavior has become a new normal in the post-pandemic era, spurring a continuous booming development of the e-commerce industry. Therefore, home delivery service providers must always optimize their market strategy deployment and seize their own growth momentum.

Home delivery and logistics are a labor-intensive industry, with labor budget commanding a high proportion of the overall operating cost. But in recent years, the labor market has been continuously affected by the declining birthrate, the aging population, and a significant decline in the number of talents willing to apply for a professional driver's license.

Statistics from the Ministry of Transportation and Communications indicate that the number of professional driver’s license holders has been declining year by year. It is not easy to recruit industrial manpower, and the overall competitive environment is also challenged by the amendment of domestic labor laws, the rise of cold chain and short chain business opportunities, and the growing consumer demand for convenient, fast and multiple delivery services. Accordingly, the already thinly profitable home delivery and logistic service industry needs to strengthen its own performance, accelerate digital transformation, and gradually solve operational problems with the support of new technologies and automated equipment, thereby moving toward intelligent logistics services to meet challenges and opportunities associated with market expansions.

In recent years, countries around the world continue to promote sustainable development, and Taiwan also plans to accomplish the goal of net-zero carbon emissions by 2050. In this regard, the establishment and replacement of home delivery logistics fleets will certainly effectively stoke the promotion of net-zero carbon emissions. Actually, foreign industry players have started to gradually replace diesel vehicles and will set up electric-vehicle (EV) fleets in stages, which will raise the proportion of EVs in various countries.

Due to the relatively incomplete development environment for electric trucks in Taiwan, domestic industry players are gradually purchasing electric tricycles to enhance the stop-and-go mobility in the streets and alleys, so as to improve efficiency and reduce carbon emissions, paving the way for net-zero carbon emissions.

2. Linkages between industry upstream, midstream and downstream

Service type	Upstream	Downstream
Home delivery service	TV shopping platforms, Large online shopping platforms, Local suppliers, FamilyMart and Hi-Life, Local collection channels	Delivery to homes (B2C) Delivery to companies and stores (B2B)
Warehousing logistics service	Medium/large online shopping platforms, 3C supply / agents, Home appliance suppliers / agents, Daily necessities suppliers, Manufacturing suppliers	Delivery to stores/manufacturers (B2B) Home delivery and installation (B2C)

3. Various development trends and competition situations of products

Industry players can undertake delivery services for general normal -temperature parcels and small documents as long as they have a fleet of vehicles. Small-scale couriers can only serve local areas and pursue higher timeliness (time-limited urgent delivery/same-day delivery), while large-size home delivery companies can mainly undertake cross-region and complete delivery services covering the whole Taiwan due to their investment in transit centers and sales stations. The target markets of the two are segmented.

With e-commerce demanding faster and broader delivery services, more advanced service requirements, such as restricted-area delivery done within six hours or three hours and delivery from super stores to stores, have emerged simultaneously. Home delivery operators are advancing to express delivery, and convenience stores are also cutting into the home delivery market by offering store pickup service, expanding low-temperature storage space, strengthening the strategic role of last-mile pickup, and even launching home pickup service for small and medium-sized businesses, sharing delivery manpower platform and cooperating with massive brand vendors and physical retail channels to cut into short-distance fast delivery services. Even large e-commerce platforms have deployed their own fleets. Coincidentally, home delivery logistics operators all continue to develop innovative operating models to meet the diversified needs of the industry, but the ambient temperature home distribution is now a market with high revenues but low gross margins. Low-temperature goods delivery is restricted by the low-temperature environment requirement, and can therefore be undertaken by only a small number of companies that possess low-temperature equipment and technology. Accordingly, the entry threshold is relatively high, and so is the gross margin; but only by maintaining high-quality delivery of low-temperature shipments can operators secure their business momentum.

In recent years, a new delivery service within a 3-kilometer living circle is emerging, using motorcycle fleets to purchase fresh food or deliver gourmet meals. Under the service, consumers select a cooperative supermarket or restaurant that is the closest from home or the delivery-taking point, while professional purchasers choose the items designated by consumers or pick up meals before using the motorcycle fleet to relay the delivery, with the goal of completing the purchase and home delivery within one hour. As various businesses rush into the short-chain delivery market, it seems to have become a red-ocean market.

With the growing e-commerce penetration in various industries, home delivery logistics operators, responsible for the last mile of home delivery, are faced with a continuously growing market scale in the future, and they have to strengthen talent cultivation, invest in automated delivery system equipment needed to boost delivery quality, continue optimizing operation practices, add intelligence to customer service interfaces, and transform to new business models, which are all essential tasks that should be done to facilitate continuous advancements.

C. Technology and R&D overview

1. Strict protection of customers' personal information:

The protection of customers' personal information has become the primary issue of home delivery services. The company's management of customer shipment data acquisition, processing, exchange, computer system operation and access authority has been in compliance with international standards and has passed ISO27001 information security certification.

2. Passed the patent certification of "non-cash payment on delivery method and system":

In order to provide customers with more convenient home delivery services along with the booming development of online and TV shopping activities, Taiwan Pelican Express is the first domestic home delivery service company to launch credit-card payment on delivery and also the first to obtain patent certification for such a payment method and system. The introduction of this service not only allows customers to choose payment on delivery, but also boasts the advantage of preventing personal information leakages, which is really a great tool to promote e-commerce transactions and payments.

3. Establishment of fleet management system and operation control center:

In 2014, the fleet management system and operation control center were established, and in 2015, the operation information integration system was built. The operation control center instantly connects with drivers across the country based on the relevant reports generated by the system integration, while supervisors around the country can also grasp the relevant dynamics through the operation information integration system to achieve real-time action management.

Through the exclusive AIoT traffic control center built in 2019, AI can learn and monitor the entire routes and driving behaviors after all drivers are on the roads, effectively harnessing the real-time status of each truck and judging whether drivers have violations, idling and other behaviors, so as to reduce the risk of non-compliance incidents.

4. Installation of low-temperature monitoring system:

The goal is build a whole-process low-temperature monitoring system to ensure that the low-temperature environment of each operation aspect during the delivery process can meet regulatory standards, so as to provide high-quality low-temperature delivery services.

5. Simultaneously obtained international carbon footprint certification and domestic carbon footprint label:

In early 2016, the company saw its management system certified by BSI (British Standards Institution) to clear the carbon footprint validation, making it the first

domestic logistics service provider to get the carbon footprint certification.

In early 2017, the company passed the screening by the Environmental Protection Administration and completed the formulation of the “Product Category Rules (PCR) for Carbon Footprint of Road Freight Services.” This, coupled with the certification by the third-party verification agency BSI, made Taiwan Pelican Express the first domestic logistics service company to obtain both the international carbon footprint certification and the domestic carbon footprint label.

On November 28, 2019, the company passed the critical carbon footprint review and site examination by the Industrial Technology Research Institute; on January 15, 2019, it received the verification statement; and on April 16, 2020, it officially obtained the carbon footprint label and carbon reduction label from the Environmental Protection Administration.

6. Establishment of high-efficiency automatic sorting system and Dayuan Logistics Center:

At the end of 2017, the company inaugurated automated cargo handling systems at Taoyuan Transshipment Center, and established Dayuan Logistics Center, not only helping to double the efficiency of cargo handling in the northern transshipment center, but also effectively assisting sales stations in goods sorting to shorten the time for SD morning cargo handling and improve distribution efficiency. Combined with Dayuan Logistics Center and through vertical conveyors, logistics warehouses can pick out goods and deliver them directly to the transshipment center for sorting, providing customers with complete integrated warehouse and distribution services.

7. Obtained “ISO 14064-1 Greenhouse Gas (GHG) Inventory Standard” certification:

Since 2018, the company has continued to fulfill the corporate social responsibility for environmental protection by cooperating with the Environmental Protection Administration to build its greenhouse gas (GHG) inventory system and complete the GHG inventory book and related report. On December 10, 2018, the company acquired a certificate from the third-party verification agency BSI, becoming the first home delivery service provider in Taiwan to obtain the international GHG inventory standard certification. On June 18, 2022, the company continued to obtain the certification for the new audit year. It also conducts regular annual inspections to demonstrate its commitment and effectiveness in promoting energy conservation and emission reduction.

d. Short- and long-term business development plans

1. Short-term development plan:

In the post-pandemic era, the entire life consumption pattern has changed greatly, with online business behavior gradually becoming the new normal of the industry

trend. Over the past two years, online sales revenues have registered an annual growth of over 20%, which has not only created a continuous boom for e-commerce but also driven the retail sector to move online for a full-channel development. In this regard, Taiwan Pelican Express will also actively join forces to help hypermarkets transform into online business operations on a cooperative basis, ranging from home delivery to logistics warehousing services, as well as cold chain and CVS short-chain services planning for fresh products, household goods, and frozen foods and materials, so as to expand industry services and jointly create the next wave of growth momentum and new synergized business opportunities.

Under the development of globalization, the new normal trend of online shopping has also sent cross-border e-commerce ramping up substantially. Therefore, in addition to consolidating the existing domestic e-commerce core market, the company will also actively cooperate with cross-border operators to explore cross-border e-commerce home delivery business opportunities.

2. Long-term development plan:

(1) Continuing to evaluate the construction of new automated transshipment and warehousing logistics centers.

In the future, the company will continue to plan automated transshipment and warehousing logistics centers to accelerate the integration of warehousing and distribution services, improve the efficiency and quality of transshipment cargo handling and delivery operations, and reduce labor costs.

(2) Developing integrated cold chain logistics services

In recent years, consumers pay more and more attention to quality of life, health, and food safety, spurring their demand for low-temperature home delivery of fresh produce, fruits and vegetables, as well as health foods, with a year-on-year growth rate of over 20%. Driven by the pandemic-induced demand for vaccine transportation and telemedicine, as well as the growing aging population and the resulting huge business opportunities, the company will also actively plan to provide integrated cold chain logistics services, enter the GDP certified market, and move towards a higher value-added logistics market.

(3) Striving to develop smart logistics services

The operation axis of Taiwan Pelican Express is to continue deepening the core competitiveness of information, with plans to incorporate an automatic system to arrange the smoothest routes, improve driving efficiency, and simplify manual paperwork before dispatching vehicles, so as to increase the delivery time and allow novice drivers to quickly get started and focus on delivery services. Aided by the system, the focus of management is shifted to “people” from “vehicles”, so as to provide immediate reminders to drivers to maintain driving safety.

B. Market, production and sales overview

a. Market analysis

1. Main product sales areas:

Unit: NT\$1,000

Area \ Year	2021		2022	
	Sales value	Ratio (%)	Sales value	Ratio (%)
Domestic sales	4,447,248	99.6%	4,483,137	99.4%
Overseas sales	18,889	0.4%	26,569	0.6%
Total	4,466,137	100.00	4,509,706	100.00

2. Future market supply/demand situations and growth prospects:

(1) Supply situation

In addition to top domestic home delivery logistics companies including Taiwan Pelican Express, President Transnet, HCT Logistics, Kerry TJ Logistics and Chunghwa, there are also regional small-scale delivery companies, international couriers and emerging platform-sharing operators joining the competition to capture business opportunities in the home delivery market. Moreover, e-commerce platform operators have also deployed their own fleets in recent years to meet the sharply growing demand for delivery services associated with online shopping. Industry players are also upbeat about their revenue growth rates, but they still adopt a variety of competition strategies in terms of prices, packaging materials and collection points to expand their market shares. In the future, home delivery services providers should not only understand the industry development trend to offer more diversified, integrated or differentiated services, but must also pay attention to the future development and application of new technologies and meet consumer needs with more professional quality and performance management. .

(2) Demand situations and future market growth prospects

E-commerce market:

Benefiting from the ever-changing and diversified development of Internet technology, and the popularization of mobile devices, people have changed their daily consuming patterns. In particular, the stickiness of people in Taiwan to mobile phones is higher than the global average, helping the country's e-commerce shopping market grow year by year. According to a survey conducted by the Institute for Information Industry, Taiwan's e-commerce has become a new NT\$1 trillion industry. And the current online retail sales account for around 11.5% of Taiwan's total retail revenues, with the prospect that the entire e-commerce market will keep growing in the future. Worth mentioning is that the Double-11 festival, a major annual e-commerce event, has scored impressive sales records year by year.

With the booming development of cross-border e-commerce shopping, people are gradually aware of the convenience of online shopping for daily necessities, driving more and more consumers to join the online shopping market.

In order to boost their sales revenues, major e-commerce platform operators in recent years have all tried hard to expand product items, create product differentiations, hold various promotional activities, provide diversified services, and even focus on fast delivery timeliness and enhanced service functions. Accordingly, it can be foreseen that demand for warehousing and distribution services from either merchants or consumers will continue to grow in the future, with the services also to advance simultaneously.

Cold chain logistics market:

In recent years, the rapid development of Taiwan's low-temperature food delivery market has created a large increase in demand for cold-chain low-temperature logistics services. The stay-at-home economy boom driven by the pandemic has stoked a remarkable surge in demand for shopping fresh foods online, which in turn has caused the low-temperature warehousing market to grow rapidly.

In addition to startups investing heavily in the last-mile low-temperature delivery market, various physical distributors are also actively cooperating with delivery platforms to capture business opportunities. Accordingly, cold chain logistics is expected to become the next star of the logistics industry in Taiwan.

Food delivery market:

With the evolution of consumer habits, food delivery platform operators are further expanding their services to meet other needs, and they are also actively cooperating with distribution channels to deliver fresh groceries, expand market territories, and tap short-chain business opportunities. According to tallies from the Department of Statistics under the Ministry of Economic Affairs, total revenues of Taiwan's catering industry surged 18.8% on year to NT\$865.3 billion in 2022, suggesting that the growth of food delivery business opportunities can be well expected.

Short-chain market opportunities:

In response to the pandemic-related quarantine policy in the past, people greatly reduced eating out and buying daily necessities, leading to a surge in demand for delivery services. The drastic change in consuming habits and the rapid development of the delivery market have altered consumer-preferred delivery timeliness that is now using "hour" instead of "day" as the calculation unit, while also bolstering the booming development of fresh food and low-temperature delivery services. Driven by changes in consuming habits, not only traditional logistics operators but e-commerce operators also continue to expand their fleets and deploy satellite warehouses to achieve the fastest delivery as expected by consumers. It can be seen that short-chain delivery will be a new trend in the

future.

New business opportunities in the Internet of Things (IoT):

Thanks to the rise of e-commerce, the demand for delivery services has increased greatly, but most home delivery operators have encountered the same problem: a repeated-delivery ratio of around 20%. Accordingly, “smart logistics cabinets” will be incorporated into the home delivery industry through the advancement of IoT solutions. This emerging service has already been piloted in Japan, China and Hong Kong, and other countries, and can address the problems of difficult home delivery cases and avoid the waste of manpower and fuel costs for re-distribution.

New aging-society business opportunities:

Affected by the growth trend for the aging population, the shopping inconvenience for the elderly living alone will increase in the future due to inconvenient transportation or living in remote areas.

Take Japan, a neighboring country with the same development trend as Taiwan, for example. The newly emerging services, such as buying foods, beverage products and daily necessities for the elderly and other customers, and even picking up prescriptions and delivering them to the home, are gradually flourishing. Home delivery services providers need to closely grasp the changing trends of demographic structure and lifestyle.

3. Competitive niches:

To cope with the future growth and development of the market, the company will, besides its existing service model, continue to advance its corporate competitiveness, expand the level of professional services, actively embrace innovative operating models and combine the resources of affiliated enterprises to provide more diversified and comprehensive professional services and boost its revenue goal. The company’s competitive niches are as follows:

(1) Intensive network configuration across Taiwan

The logistics and home delivery industry has a high entry threshold, requiring a certain scale of equipment investment and an adequate fleet of vehicles to bolster the rapid delivery service system needed in the growing e-commerce development trend. The company now has a complete network architecture across the entire island of Taiwan, and will continue to expand its service footholds and move forward in the direction of offering accelerated and efficient services.

In addition, the company has established a fleet management system and an operation control center, in order for its managers across the country to keep track of the dynamics of drivers countrywide at any time. Through real-time information connection and integration, real-time action management without time difference is achieved.

(2) Complete collection service points

Domestic home delivery companies with convenience stores as collection agencies are more competitive in the market. Apart from Black Cat Delivery Service and President Chain Store Corp both belonging to the Uni-President Enterprises Group, the company has cooperated with 15,000 collection agencies, including FamilyMart and Hi-Life convenience stores, fast food operators, pharmacy chains, gas stations, mass merchandizing outlets and community channels. The company also integrates community networks and smart logistics cabinet systems to expand collection-point service business and provide customers with the most convenient home delivery collection services at any time.

Meanwhile, in addition to providing multiple services, such as luggage delivery, smart locker storage, self-service printing, and low temperature delivery as well as other 24-hour services at Taoyuan International Airport, the company in 2018 also obtained exclusive luggage delivery service business at Taipei Songshan Airport, completing the deployment of luggage delivery services at international airports in northern Taiwan.

(3) Providing integrated warehousing and delivery services covering logistics, home delivery, cash flow, and information flow

From assisting in unloading inbound shipment containers and warehousing to picking, sealing and distribution processing, the company provides strategic partners with one-stop customized logistics services.

When the company's logistics center receives the message of customer order from the e-commerce platform, it can immediately pick up goods and send them to a nearby home delivery service station and then to customer's home. The company can also provide home delivery and installation service for electric household appliances, enhancing the overall service efficiency.

In addition, considering that along with the development of e-commerce, online stores show the demand for credit-card or cash payment on delivery, the company also offers payment collection service for contacted merchants, so that they can obtain convenient cash flow services that can also make consumers feel at ease. Consumers can also check the delivery progress of the goods through the exclusive app for home delivery service anytime and anywhere.

(4) Selecting potential-product catalogs

Through the subtle observation, interaction with consumers and continuous proactive development by its home delivery engineers around the country, the company has sorted out many new hot products and hot-selling product catalogs for consumers in recent years. Through the analysis of professional marketers, the head office selects "future star products" and promotes them on catalogs or websites to achieve a win-win effect.

4. Favorable and unfavorable factors for development prospects, and countermeasures:

(1) Favorable factors

(1-1) Potential markets continue to grow

Both the Market Intelligence & Consulting Institute (MIC) under the Institute for Information Industry and some other market research organizations are optimistic that the e-commerce market in Taiwan will continue to grow. And major e-commerce operators will keep driving the overall growth of the market through strategies such as expanding product offerings, creating product differentiations and improving service capabilities. In recent years, with various retailers rushing to join the e-commerce arena, the rapid growth of cross-border e-commerce market, and even the rise of food delivery business opportunities, the development of online shopping has become increasingly mature and diversified while consumers are also more deeply aware of the convenience of online shipping. Accordingly, aided by the home economy expansion in the future, the market scale for e-commerce and home delivery services is expected to keep growing.

(1-2) Consumer shopping habits and needs changing gradually

Thanks to the continuous innovation of global modern logistics service concepts, consumers' demand for integrated customer-oriented logistics and delivery services has also increased significantly. If home delivery companies can make deployments in cross-strait and global markets, they can further embrace international business opportunities in the future and offer more diversified services. With the advantage of group resources, the company can also actively deploy overseas markets and expand the scope of its services through strategic alliances and other methods.

(2) Unfavorable factors and countermeasures

(2-1) Increasing consumer quality requirements

As e-commerce operators pay more and more attention to the consumer experience of the public, they are rushing to highlight delivery timeliness, prompting home delivery companies to keep up with the growth of the e-commerce market by continuing to strengthen investment in equipment needed to ensure consistent service quality. In addition, as people's quality of life has improved in recent years, consumers have become more stringent about food safety and delivery of fresh ingredients, which has led to new customized service requirements such as extra delivery appointments.

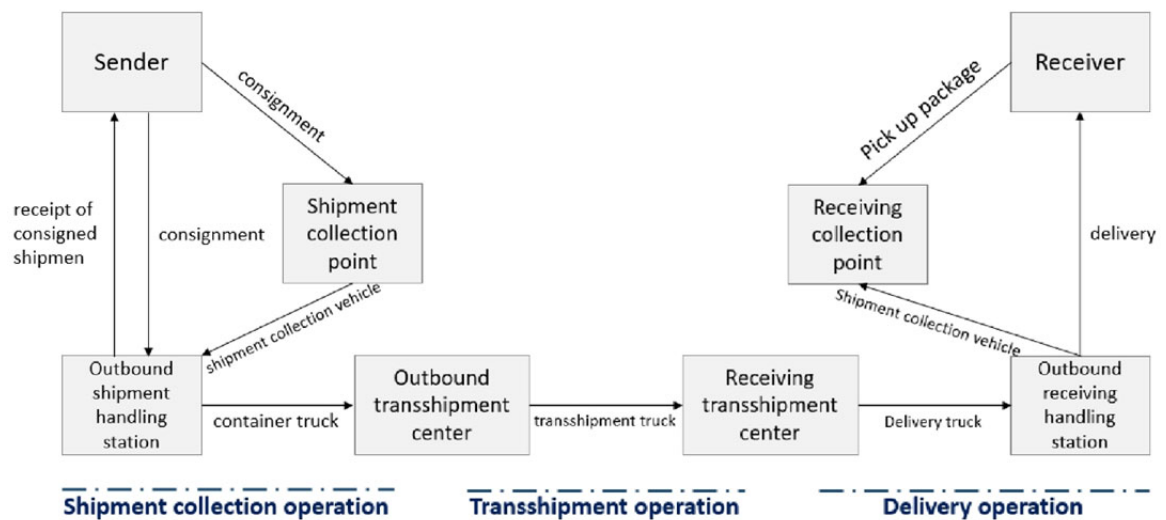
(2-2) Rising operating costs

Home delivery operators are facing ever-higher operating costs resulting from fluctuations in international and constant increases in basic wages and labor insurance rates arising from the amendment to the Labor Standards Act. This, coupled with overall competitive-environment challenges such as

freight forwarders and couriers rushing into the e-commerce delivery market, platform operators building their own fleets, food delivery platforms gaining traction and labor shortages persisting, has made it more difficult to operate home delivery services. Accordingly, the home delivery and logistics service industry should move in the direction of providing smart technology services in the future, and must also invest more in upgrading operations to maintain high service quality and operating performance, so as to enhance competitiveness and meet market demand.

b. Important uses and production processes of main products

The company mainly provides corporate and individual customers with home delivery services and customized logistics services. The flow of main transportation services is illustrated in the following diagram:



c. Supply status of main raw materials

The raw materials purchased by the company are only used for the service of goods vendors, which account for a very small proportion of the overall operating costs. The other costs mainly include transportation equipment fuel cost, repair cost, the cost of consumables required for operations, and the freight cost for outsourcing home delivery in remote areas. Except for Formosa Petrochemical Corp. as the main supplier of diesel oil, there is no supply demand for other main raw materials.

(d) Major business partners accounting for over 10% in the company's purchase/sale values in any of the recent two years, their purchase (sale) values, and percentages :

1. Suppliers accounting for over 10% in the company's purchase in any of the recent two years:

Item	2021				2022			
	Name	Value	Share in the net purchase value for the whole year (%)	Relationship with the issuer	Name	Value	Share in the net purchase value for the whole year (%)	Relationship with the issuer
1	EVER FOREST CORP.	41,964	20.9	Nil	EVER FOREST CORP.	56,321	22.48	Nil
2	DONG JYUE ENTERPRISE CO., LTD.	24,159	12.03	Nil		26,419	10.55	Nil
	Others	134,677	67.07	-	Others	167,769	66.97	-
	Net purchase value	200,800	100.00		Net purchase value	250,509	100.00	

Note: Disclose financial data, if any, on listed companies or companies with share being traded at business outlets of securities firms which were audited/certified or perused by CPAs as of the date of the printing of the annual report.

2. Major customers of the parent company and subsidiary in recent two years

Unit: NT\$1,000

Item	2021				2022			
	Name	Value	Share in total sales [%]	Relationship with the issuer	Name	Value	Share in total sales [%]	Relationship with the issuer
1	momo.com Inc.	1,121,036	25.10%	The company evaluates invested company with equity method	momo.com Inc.	1,030,016	22.84%	The company evaluates invested company with equity method
	Others	3,345,101	74.90%		Others	3,479,690	77.16%	
	Net sales	4,466,137	100.00%		Net sales	4,509,706	100.00%	

Note 1: Specify customers accounting for over 10% of total sales value in recent two years, including name and sales value, and share, unless contracts forbids such disclosure or trading counterparties are individuals and not related parties, who can be represented with code number.

Note 2: Disclose financial data, if any, on listed companies or companies with share being traded at business outlets of securities firms which were audited/certified or perused by CPAs as of the date of the printing of the annual report .

(E) Output volume/value in recent two years: not applicable, since the company's major business is home-delivery transport and logistics.

(f) Sale volume/value in recent two years

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

Sales volume and value Major products (or sectors)	2021				2022			
	Domestic sale		Export		Domestic sale		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Home delivery	39,857	3,176,657			38,755	3,123,137		
Logistics		1,228,801		18,889		1,320,344		26,569
Others		41,790				39,656		
Total	39,857	4,466,137		18,889	38,755	4,483,137		26,569

C. Employees

Unit: person

Year		2021	2022	As of March 31, 2023(note)
Number of employees	Direct	1,490	1,477	1,479
	Indirect	681	689	683
	Total	2,171	2,166	2,161
Average age		38.97	39.50	39.51
Average service years		5.75	5.88	5.93
Distribution of education levels	Doctor	-	-	-
	Master	1.24	1.34	1.43
	College	39.10	39.89	39.70
	Senior high	49.49	49.08	48.87
	Lower than senior high	10.22	9.70	10.00

Note: Fill data as of the date of the printing of the annual report in current year

D. Information on environmental-protection outlays

(a) In the latest year and as of the printing of the annual report, total value of loss from environmental pollution and explain possible expenses now and in the future and countermeasures. If it is impossible to make a reasonable estimate, provide explanation):
nil

Item	Penalty date	No. of penalty document	Time of violation	Law/regulation vioated	Contents of violation	Contents of penalty	Amount of fine	Compensations value
1	2022.06.08	21-111-060153	2022.04.25	Article 36-1, Air Pollution Control Act	Opacity density of exhaust discharged by a tested vehicle reaches 2.1m^{-1} , higher than emission standard	Penalty according to article 66-1, Air Pollution Control Act	3,000	0
2	2022.07.29	21-111-073715	2022.03.02	Article 44-1, Air Pollution Control Act	Failure in conducting periodic test of air-pollutant emission by deadline in 2022	Penalty according to Article 7-1-1 of penanlty criteria , based on article 80-1, Air Pollution Control Act	500	0
3	2022.08.04	21-111-008226	2022.05.21	Article 40-3, Air Pollution Control Act	Entry of vehicle into the city's air-quality protected area without good or equivalent autonomous management label	Penalty according to article 76-2, Air Pollution Control Act	1,000	0
4	2022.09.11	21-111-090210	2022.07.16	Article 40-3, Air Pollution Control Act	Entry of vehicle into the city's air-quality protected area without good or equivalent autonomous management label label	Penalty according to article 76-2, Air Pollution Control Act	1,000	0
5	2022.09.20	21-111-090361	2022.08.10	Article 36-1, Air Pollution Control Act	Opacity density of exhaust discharged by a tested vehicle	Penalty according to article 66-1-1, Air	3,000	0

Item	Penalty date	No. of penalty document	Time of violation	Law/regulation vioated	Contents of violation	Contents of penalty	Amount of fine	Compensations value
					reaches 2.2m ⁻¹ , higher than emission standard	Pollution Control Act		
6	2022.09.19	40-111-090024	2022.04.06	Article 28-1-3, Waste Disposal Ac	Commissioning unlicensed institution to dispose and hanle wastes	Penalty according to article 52, Waste Disposal Ac	6,000	0
7	2022.09.27	21-111-092853	2022.07.05	Article 36-1, Air Pollution Control Act	Opacity density of exhaust discharged by a tested vehicle reaches 4.1 m ⁻¹ , higher than emission standard	Penalty according to article 46-1-1, Air Pollution Control Act	6,000	0
8	2022.10.20	21-111-100431	2022.08.02	Article 44-1, Air Pollution Control Act	Failure in conducting periodic test of air-pollutant emission by deadline in 2022	Penalty according to article 80-1-1, Air Pollution Control Act	500	0
9	2022.10.27	21-111-104770	2022.04.01	Article 44-1, Air Pollution Control Ac	Failure in conducting periodic test of air-pollutant emission by deadline in 2022	Penalty according to article 80-1-1, Air Pollution Control Act	500	0
10	2022.12.01	21-111-120033	2022.09.06	Article 40-3, Air Pollution Control Act	Entry of vehicle into the city's air-quality protected area without good or equivalent autonomous management label	Penalty according to article 76-2, Air Pollution Control Act	1,000	0
11	2022.12.13	21-111-120003	2022.09.14	Article 36-1, Air Pollution Control Act	Opacity density of exhaust discharged by a tested vehicle reaches 4.5 m ⁻¹ , higher than emission standard	Penalty according to article 66-1-1, Air Pollution Control Ac	6,000	0
12	2022.12.30	21-111-127147	2022.09.01	Article 44-1, Air Pollution Control Act	Failure in conducting periodic test of air-pollutant emission by	Penalty according to article 80-1-1, Air Pollution	500	0

Item	Penalty date	No. of penalty document	Time of violation	Law/regulation vioated	Contents of violation	Contents of penalty	Amount of fine	Compensations value
					deadline in 2022	Control Ac		
13	2023.01.03	41-112-010089	2022.09.05	Article 27-1, Waste Disposal Act	Littering of cigarette butts	Penalty according to Article 50-3, Waste Disposal Act	1,200	0
14	2023.01.05	21-112-010086	2022.09.20	Article 40-3, Air Pollution Control Act	Entry of vehicle into the city's air-quality protected area without good or equivalent autonomous management label	Penalty according to article 76-2, Air Pollution Control Ac	1,000	0
15	2023.01.05	21-112-010080	2022.09.19	Article 40-3, Air Pollution Control Act	Entry of vehicle into the city's air-quality protected area without good or equivalent autonomous management label	Penalty according to article 76-2, Air Pollution Control Ac	1,000	0

Except aforementioned fines totaling NT\$32,200 for violation of Air Pollution Control Act and Waste Disposal Act, there are no other environmental-related fines for the company. The company will adopt the following countermeasures in the future:

1. The company will keep vehicles in good state, via good maintenance and repair and application for autonomous management label for diesel-oil vehicles with various municipal governments, so as to reduce air-pollution cases.
2. Phase out diesel-oil trucks with third-stage environmental-protection standards and purchase news models with five-stage standards, as well as electric motorcycles, to cut carbon emission and air-pollution cases

(b) Expected major capital outlays for environmental protection in the coming two years:

With its services in the two major categories of route freight transport and professional integrated logistics, the company doesn't produce massive waste water or high noise, causing water, environmental, and noise pollution as companies in many other industries do in their production process. Yet, in order to materialize environmental protection and fulfill corporate social responsibility, the company will continue pushing the following programs:

1. In line with environmental protection-related laws/regulations and the government's policy, substitute new vehicles for old ones every year and introduce electric motorcycles, for energy conservation and carbon abatement.
2. For energy conservation and power saving, the company will introduce electric

motorcycles and employ products with environmental-protection and water-saving labels, so as to cut energy consumption.

3. Employ recycled paper for producing cardboard boxes and reusable logistics boxes, to reduce use of plastic bags and cut the latter's environmental impact.
4. Have various business stations sign contract with licensed waste disposal institutions, prevent waste littering by others, and strengthen environmental-protection awareness among employees, forbidding smoking, drinking alcoholic beverage, or chewing betel nuts during office hours and preventing violation of Waste Disposal Act by employees.

E. Labor-management relations

- a. The company's various employee welfare measures, advanced education, training, and retirement systems and their implementation, as well as the labor-management agreements and measures to safeguard the rights and interests of employees are listed below:

1. Employee welfare measures and implementation situations

In order to achieve sustainable operation and create a good working environment for colleagues, the company has established an employee welfare committee since 1996 to handle various welfare measures so that employees can enjoy the profits of its business operations. The implementation situation of the company's welfare measures is as follows:

- (a) Company welfare initiatives:

1. Employee wedding and funeral subsidies
2. Group uniform
3. Employee health examination
4. Employee compensation
5. Year-end bonus
6. Employee retirement pension
7. Meal allowance
8. Provisions for labor insurance, health insurance, group insurance and labor retirement payments
9. Special price offers for employees to buy products from affiliated companies
10. All employees were insured against the epidemic infections and provided with epidemic prevention materials (masks, gloves, protective facial masks, alcohol, etc.)
11. Peak-season night snack allowance and summer drinks
12. Epidemic care leave

(b) Employee welfare measures:

1. Birthday gifts
2. Wedding and funeral grants
3. Meal subsidy for group social gathering of employees
4. Gifts for three major festivals

(c) Based on the Company Law amended in May 2015 and the revised Articles Incorporation approved by the shareholders' meeting in May 2016, the company formulates and implements reasonable employee welfare measures to appropriately reflect the operating performance and achievements in employee compensation. The company allocates employee compensation payments at 0.5%~1.5% of the pre-tax earnings for the given year before deducting remunerations payable to employees, directors and supervisors, and reasonably distributes them to employees depending on their contributions and seniority in accordance with the "Regulations Governing the Distribution of Employee Compensation."

2. Staff education and training situations

In order to cultivate the morality of employees and boost their quality, professional capability and work efficiency, the company, in addition to arranging pre-employment training courses and organizing various educational training programs for new employees upon their arrival, also conducts professional technical training in accordance with different job functions and business requirements to enhance their own academic skills to facilitate mission accomplishment.

3. Retirement system and its implementation

In accordance with the Labor Standards Act, the company formulates a retirement package for its employees, and regularly contributes pension reserves to the Bank of China's Labor Retirement Reserve Fund based on total monthly salary of employees. In addition, the company also contributes 6% of each employee's monthly pay to his/her individual account at the Labor Insurance Bureau based on their choice of new labor pension payment formula set in the Labor Pension Pact that has been effective since January 2005.

4. Labor-management agreements and various employee rights and interests protection measures

In order to maintain good labor-management relationships and safeguard the rights and interests of both sides, the company attaches great importance to labor-management harmony and its various welfare measures for employees are always implemented only after both parties reach consensus through two-way communication and coordination. In May 2019, a company labor union was established to hold regular labor-management meetings, serving as an effective channel to enhance two-way communications and promote interactions between both sides.

b. Besides losses resulting from labor disputes in the most recent year and up to the date of publication of the annual report, the estimated current and future potential losses and measures to deal with them must also be disclosed. If the potential losses cannot be reasonably estimated, then facts must be presented to explain why they cannot be done so.

(1) Administrative penalties

Penalty imposers	Dates of penalty	Document codes	Regulations violated	Contents of violations	Contents of Penalties
New Taipei City Gov't	08/23 2022	New Taipei City Gov't Labor Examination Document Code 11147569161	Labor Standards Act, Article 24; Article 30-6	Extended working hours are not paid as required; Attendance records of employees are not kept on a daily basis and not done to the minute.	Fined NT\$ 144,000
Taoyuan City Gov't	09/02 2022	Taichung City Gov't Labor Examination Document Code 1110193232	Labor Standards Act, Article 24; Article 30-6; Article 32-2	Extended working hours are not paid as required; Extended working hours in excess of legal requirements	Fined NT\$ 170,000
Taichung City Gov't	07/05 2022	Taichung City Gov't Labor Examination Document Code 1110123170	Labor Standards Act, Article 24; Article 32-2	Extended working hours are not paid as required; Extending labor working hours beyond legal limits.	Fined NT\$ 100,000
Tainan City Gov't	09/14 2022	Tainan City Gov't Labor Safety Examination Document Code 1111127580	Labor Standards Act, Article 24-1; Article 30-6	Extended working hours are not paid as required; Attendance records of employees are not kept on a daily basis and not done to the minute.	Fined NT\$ 100,000
Nantou County Gov't	04/15/ 2022, 05/09 2022, 12/08 2022	Nantou County Gov't Social Labor Code 1110092442, Code 1110112523, Code 1110292978	Labor Standards Act, Article 24-1; Article 30-6	Extended working hours are not paid as required; Attendance records of employees are not kept on a daily basis and not done to the minute.	Fined NT\$ 300,000
Pingtung County Gov't	10/05 2022	Pingtung County Gov't Labor Info Document Code 11160496000	Labor Standards Act, Article 24-1; Article 32-1	Extended working hours are not paid as required; Attendance records of employees are not kept on a daily basis and not done to the minute.	Fined NT\$ 20,000
Changhua County Gov't	08/22 2022	Changhua County Gov't Labor Examination Document Code 1110315916	Labor Standards Act, Article 24	Attendance records of employees are not kept on a daily basis and not done to the minute.	Fined NT\$ 20,000
Yunlin County Gov't	08/16 2022	Yunlin County Gov't Labor Examination Document Code 1113421962	Labor Standards Act, Article 24	Attendance records of employees are not kept on a daily basis and not done to the minute.	Fined NT\$ 50,000

(2)Labor disputes

Cases	Starting dates	Persons involved in litigation	Current treatment situations
Chen OO requesting occupational accident compensation	March 2020	Chen OO	On March 27, 2020, Chen OO's spouse and children filed a civil lawsuit claiming NT\$6,425,000 in occupational accident compensation (including the shortfalls in funeral expenses and death compensation, child support, and consolation money). The case has been settled between both parties.
Hsu OO requesting overtime work pay	September 2022	Hsu OO	On September 5, 2022, Hsu OO filed a civil lawsuit for overtime and severance payments in the amount of NT\$1,983,000. The case is currently being mediated by the civil court.
Lu OO requesting occupational accident compensation	August 2022	Lu OO	On August 1, 2022, Lu OO filed a civil lawsuit demanding NT\$834,000 in occupational accident compensation and overtime work pay. The case is now under mediation at the civil court.
Su OO requesting overtime work pay	September 2022	Su OO	On September 28, 2022, Su OO filed a civil lawsuit seeking an overtime pay in the amount of NT\$400,000. The case is now in the mediation process at the civil court.

F. Important contracts

Nature of contracts	Parties involved	Contract commencement and expiration dates	Main content	Restrictions
Leasing	Tong-An Assets Management & Development Co., Ltd.	2022.07.01~2024..06.30	Plant leasing	Landlord approval is required for new improvements or decorations.
Leasing	Lun Chen Industrial Co., Ltd.	2022.09.01~2023.08.31	plant leasing	None
Leasing	Yong You Development Co., Ltd.	2017.01.01~2036..12.31	Plant leasing	Landlord approval is required for new improvements or decorations.
Leasing	Tzuoo Ann Development Co., Ltd.	2022..03.01~2042.02.28	Plant leasing	None
Leasing	SunShineTextile Enterprise Co., Ltd.	2022.11.01~2023..10.31	Plant leasing	None
Leasing	SunShineTextile Enterprise Co., Ltd.	2021.04.01~2024.03.31	Plant leasing	None
Leasing	ID Logistics Taiwan Co., Ltd.	2021..08.01~2030..5.31	Plant leasing	None
Trading	Formosa Petrochemical Corp	2022.03.01~2025.02.28	Oil trading	None
Trademark licensing	Nippon Express Company, Ltd.	2018.04.12~2023.04.11	Trademark licensing	Only for use in Taiwan

VI Financial status

A. Brief balance sheet and comprehensive income statements in recent five years

(a) Brief balance sheets

1. Brief individual balance sheet--International Financial Reporting Standards (IFRSs)

Unit: NT\$1,000

Item	Year	Financial data in recent five years					Financial data of current years of March 31, 2023 (note 1)
		2018	2019	2020	2021	2022	
Liquid assets		1,635,002	1,746,630	1,707,494	1,845,069	1,819,417	Note 2
Property, plant, and equipment		563,189	556,198	620,105	648,336	682,860	
Intangible assets		4,237	6,444	2,864	2,169	7,119	
Other assets		179,957	1,269,795	1,509,691	2,511,620	2,057,901	
Total assets		2,382,385	3,579,067	3,840,154	5,007,194	4,567,297	
Liquid liabilities	Before distribution	741,620	871,478	965,866	1,112,795	1,164,728	
	After distribution	798,900	986,038	1,137,707	1,313,276	(Note 1)	
Non-liquid liabilities		26,555	978,339	890,016	1,143,572	1,204,261	
Total liabilities	Before distribution	768,175	1,849,817	1,855,882	2,256,367	2,368,989	
	After distribution	825,455	1,964,377	2,027,723	2,456,848	(Note 1)	
Equity ownership of parent company		1,614,210	1,729,250	1,984,272	2,750,827	2,198,308	
Share capital		954,670	954,670	954,670	954,670	954,670	
Capital reserve		300,082	300,082	300,082	300,082	300,082	
Retained earning	Before distribution	357,333	425,623	516,494	577,208	562,924	
	After distribution	300,053	311,063	344,655	376,727	(Note 1)	
Other components of equity		2,128	48,875	213,025	918,867	380,632	
Treasury stock		-	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	1,614,210	1,729,250	1,984,272	2,750,827	2,198,308	
	After distribution	1,556,930	1,614,690	1,812,431	2,550,346	(Note 1)	

Data source: The financial data in recent five years above were audited and certified by certified public accountants and 2019 Q1 financial data were reviewed by certified public accountants.

Note 1: 2022 Earnings distribution is still pending resolution by the board of directors.

Note 2: 2023 financial data had yet to be perused by certified public accountants as of the date of the printing of the annual report.

2. Brief consolidated balanced sheet--

International Financial Reporting Standards (IFRSs)

Unit: NT\$1,000

Item	Year	Financial data in recent five years					Financial data of current years of March 31, 2023 (note 1)
		2018	2019	2020	2021	2022	
Liquid assets		1,638,107	1,749,165	1,715,232	1,856,384	1,829,560	Note 2
Property, plant, and equipment		563,216	556,224	620,105	648,336	682,860	
Intangible assets		4,237	6,444	2,864	2,169	7,119	
Other assets		176,981	1,267,452	1,502,206	2,503,568	2,051,443	
Total assets		2,382,541	3,579,285	3,840,407	5,010,457	4,570,982	
Liquid liabilities	Before distribution	741,776	871,696	966,119	1,116,058	1,168,495	
	After distribution	799,056	986,256	1,137,960	1,316,539	(Note 1)	
Non-liquid liabilities		26,555	978,339	890,016	1,143,572	1,143,572	
Total liabilities	Before distribution	778,866	1,850,035	1,856,135	2,259,630	2,372,674	
	After distribution	836,146	1,964,595	2,027,976	2,460,111	(Note 1)	
Equity ownership of parent company		1,614,210	1,729,250	1,984,272	2,750,827	2,198,308	
Share capital		954,670	954,670	954,670	954,670	954,670	
Capital reserve		300,082	300,082	300,082	300,082	300,082	
Retained earning	Before distribution	357,330	425,623	516,495	577,208	562,924	
	After distribution	300,050	311,063	344,654	376,727	(Note 1)	
Other components of equity		2,128	48,875	213,025	918,867	380,632	
Treasury stock		-	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	1,614,210	1,729,250	1,984,272	2,750,827	2,198,308	
	After distribution	1,556,930	1,614,690	1,812,431	2,550,346	(Note 1)	

Data source: The financial data in recent five years above were audited and certified by certified public accountants.

Note 1: 2022 Earnings distribution is still pending resolution by the board of directors.

Note 2: 2023 financial data had yet to be perused by certified public accountants as of the date of the printing of the annual report.

3. Brief individual balance sheet--the nation's corporate accounting standard: not applicable

4. Brief consolidated balance sheet--the nation's corporate accounting standard: not applicable

(b) Brief comprehensive income statement

1. Brief individual comprehensive income statement--International Financial Reporting Standards (IFRSs)

Unit: NT\$1,000

Item \ Year	Financial data in recent five years (note)					Financial data of current year as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	3,360,950	3,712,520	3,983,309	4,447,249	4,483,137	Note 1
Operating gross profit	508,712	616,929	685,203	749,468	669,517	
Operating income	76,015	204,833	245,284	284,314	204,323	
Non-operating revenue and expenses	2,904	(3,007)	12,339	12,189	11,704	
Pretax net profit	78,919	201,826	257,623	296,503	216,027	
Current net profit of continuing operations	68,475	161,608	209,015	240,501	176,442	
Loss of discontinued operations	-	-	-	-	-	
Current net profit (loss)	68,475	161,608	209,015	240,501	176,442	
Other current comprehensive income (after-tax net value)	(16,867)	45,113	160,567	697,895	(528,480)	
Total current comprehensive income	51,608	206,721	369,582	938,396	(352,038)	
Net income attributed to shareholders of the parent company	68,475	161,608	209,015	240,501	176,442	
Net income attributed to non-controlling interests	-	-	-	-	-	
Comprehensive income attributed to shareholders of the parent company	51,608	206,721	369,582	938,396	(352,038)	
Comprehensive income attributed to non-controlling interests	-	-	-	-	-	
Earnings per share (NT\$)	0.72	1.69	2.19	2.52	1.85	

Data source: Financial data in recent five year above were audited and certified by certified public accountants

Note 1: 2023 financial data had yet to be perused by certificied public accountants as of the date of the printing of the annual report.

2. Brief consolidated comprehensive income statement--International Financial Reporting Standards (IFRSs)

Unit: NT\$1,000

Year Item	Financial data in recent five years					Financial data of current year as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	3,360,947	3,712,520	3,983,309	4,466,137	4,509,706	Note 1
Operating gross profit	506,991	616,929	685,203	752,937	673,625	
Operating income	73,847	204,287	244,755	284,516	204,185	
Non-operating revenue and expenses	5,072	(2,461)	12,868	11,999	12,022	
Pretax net profit	78,919	201,826	257,623	296,515	216,207	
Current net profit of continuing operations	68,475	161,608	209,015	240,501	176,442	
Loss of discontinued operations	-	-	-	-	-	
Current net profit (loss)	68,475	161,608	209,015	240,501	176,442	
Other current comprehensive income (after-tax net value)	(16,867)	45,113	160,567	697,895	(528,480)	
Total current comprehensive income	51,608	206,721	369,582	938,396	(352,038)	
Net income attributed to shareholders of the parent company	68,475	161,608	209,015	240,501	176,442	
Net income attributed to non-controlling interests	-	-	-	-	-	
Comprehensive income attributed to shareholders of the parent company	51,608	206,721	369,582	938,396	(352,038)	
Comprehensive income attributed to non-controlling interests	-	-	-	-	-	
Earnings per share (NT\$)	0.72	1.69	2.19	2.52	1.85	

Data source: Financial data in recent five year above were audited and certified by certified public accountants

Note 1: 2023 financial data had yet to be perused by certificied public accountants as of the date of the printing of the annual report.

3. Brief individual income statement--the nation's corporate accounting standards: not applicable

4. Brief comprehensive income statement--the nation's corporate accounting standards: not applicable

(c) Names of certified public accountants and auditing opinions in recent five years

Year	Name of accounting firm	CPA name	Auditing opinion
2018	PwC Taiwan	Wu Yu-lung, Chih Ping-chun	Unqualified opinion
2019	PwC Taiwan	Wu Yu-lung, Chih Ping-chun	Unqualified opinion
2020	PwC Taiwan	Wu Yu-lung, Chih Ping-chun	Unqualified opinion
2021	PwC Taiwan	Chih Ping-chun, Lin Chun-yao	Unqualified opinion
2022	PwC Taiwan	Chih Ping-chun, Lin Chun-yao	Unqualified opinion

B. Financial analysis for recent five years

1. Individual financial analysis for recent five years —adoption of IFRSs

Year Analysis items		Financial analysis for recent five years					Current year as of March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Liabilities to assets ratio (%)	32.24	51.68	48.33	45.06	51.87	Note 1
	Long-term fund to property, plant, and equipment ratio (%)	291.33	486.80	463.52	600.68	498.28	
Debt repayment ability%	Current ratio (%)	220.46	200.42	176.78	165.80	156.21	
	Quick ratio (%)	216.78	196.62	173.71	162.47	152.53	
	Times interest earned	-	-	-	-	-	
Operating performance	Accounts Receivable turnover (times)	6.32	6.80	6.73	6.47	6.01	
	Accounts Receivable turnover days	57.75	53.68	54.23	56.41	60.73	
	Inventory turnover (times)	19.95	18.73	21.75	20.61	18.29	
	Accounts payable turnover (times)	10.61	11.36	11.83	11.67	10.54	
	Inventory turnover days	18.29	19.49	16.78	17.71	19.96	
	Turnover of property, plant, and equipment	6.59	6.63	6.77	7.01	6.74	
	Total assets turnover (times)	1.39	1.25	1.07	1.01	0.94	
Earnings power	Return on assets (%)	2.84	5.88	5.95	5.73	4.00	
	Return on equity (%)	4.18	9.67	11.26	10.16	7.13	
	Pretax net profit to paid-in capital ratio (%) (note 6)	8.27	21.14	26.99	31.06	22.63	
	Net profit rate (%)	2.04	4.35	5.25	5.41	3.94	
	Earnings per share (NT\$)	0.72	1.69	2.19	2.52	1.85	
Cash flow	Cash flow ratio (%)	16.97	54.34	49.25	42.1	43.82	
	Cash flow adequacy ratio (%)	67.77	97.31	125.61	132.03	148.43	
	Cash flow reinvestment ratio (%)	1.06	17.17	15.03	11.87	12.29	
Leverage	Operating leverage	2.18	1.51	2.03	1.92	2.53	
	Financial leverage	1.00	1.09	1.06	1.06	1.10	

Items of financial ratios with change exceeding 20% in recent two years and major reasons for the change:

1. Liabilities to assets ratio, return on equity ratio, Pretax net profit to paid-in capital ratio, net profit rate, and earnings per share dropped, due to decline of freight volume in the year than the previous year, driving down profits.
2. Operating leverage rose, due to increase of fixed-cost depreciation expense in the year than the previous year.

Data source: Financial data in recent five year above were audited and certified by certified public accountants

Note 1: 2023 financial data had yet to be perused by certificied public accountants as of the date of the printing of the annual report.

Note 2:list the following calculation formulas at the end of the table of the annual report:

1. Financial structure

(1) liabilities to assets ratio = total liabilities/total assets

(2) Long-term fund to property, plant, and equipment ration = (shareholders' equity + non-liquid liabilities)/net value of plant, plant, and equipment.

2. Debt-repayment ability

(1) Current ratio = Liquid assets/liquid liabilities

(2) Quick ratio = (Liquid assets - inventories - prepaid expenses)/liquid liabilities

(3) Times interest earned = Earnings before interest and taxes/interest expenses

3. Operating performance

(1) Accounts Receivable Turnover = Net Sales / Average Accounts Receivables

(2)Accounts Receivable Turnover days = 365 / Accounts Receivable Turnover

(3)Average Inventory Turnover = Cost of Goods Sold / Average Inventory

(4)Average Inventory Turnover Days = 365 / Average Inventory Turnover

(5)Accounts Payable Turnover = Cost of Sales / Average Accounts Payables

(6)Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7)Total Assets Turnover = Net Sales / Average Total Assets

4. Earnings power

(1)Return on Total Assets = (Net Income + Interest Expenses (1 - Effective Tax Rate)) / Average Total Assets

(2)Return on Equity = After-tax income/average total equity

(3)Net Margin = Net Income / Net Sales

(4)Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (note 4)

5. Cash Flow

(1)Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities

(2)Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend)

(3)Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends)/ (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets +

Working Capital) (note 5)

6. Leverage

(1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (note 6)

(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 3: When evaluating the aforementioned calculation formula for earnings per share, give special notices for the following items:

1. It should be based on weighted average number of common shares, rather than the number of shares in circulation at the end of the year.
2. If there is cash increment or trading in treasury stocks, calculate weighted average number of shares during the circulation period.]
3. If there is capital increment with earnings or capital reserve, retroactive adjustments should be made according to the scale of capital increment in calculating the earnings per share of past year and half a year, without the need of taking into account the issuance period of the capital increment.
4. If preferred shares are accumulated inconvertible preferred shares, their share dividends for the current year (no matter issuance or not) should be deducted from after-tax net profit or be increased to after-tax net loss. If special shares are not accumulated ones, dividends for special shares should be deducted from after-tax net profit, if any; in the case of loss, it doesn't need adjustment.

Note 4: When evaluating cash flow, give special notices to the following items:

1. Net cash flow of operating activities refer to net operating inflow in cash flow table.
2. Capital outlay refers to cash outflow for annual capital investments.
3. Inventory increase is taken into account, only when initial balance is larger than ending balance; if inventory decreases at the end of year, it is calculated as zero.
4. Cash dividend includes cash dividends for common shares and special shares.
5. Gross property, plant, and equipment refers total value of property, plant, and equipment before depreciation.

Note 5: Issuers should classify operation cost and operating expenses into fixed and variable ones and notices its reasonable and consistent nature, if estimate or subjective judgment is involved.

Note 6: If company stock has no face value or has a face value other than NT\$10, use the share of parent company's equity ownership in balance sheet in the calculation of the share in paid-in capital.

2. Consolidated financial analysis for recent five years—adoption of IFRSs

Year Analysis items		Financial analysis for recent five years					Current year as of March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Liabilities to assets ratio (%)	32.25	51.69	48.33	45.10	51.91	Note 1
	Long-term fund to property, plant, and equipment ratio (%)	291.32	486.78	463.52	600.68	498.27	
Debt repayment ability%	Current ratio (%)	220.84	200.66	177.54	166.33	156.57	
	Quick ratio (%)	216.78	196.86	174.46	162.95	152.87	
	Times interest earned	-	-	-	-	-	
Operating performance	Average collection turnover (times)	6.32	6.80	6.73	6.48	6.02	
	Average collection days	57.75	53.68	54.23	56.33	60.63	
	Inventory turnover (times)	19.95	18.73	21.75	20.61	18.29	
	Average payable turnover (times)	10.62	11.36	11.83	11.72	10.60	
	Average days of sales	18.29	19.49	16.78	17.71	19.96	
	Turnover of property, plant, and equipment	6.58	6.63	6.77	7.04	6.78	
	Total assets turnover (times)	1.39	1.25	1.07	1.01	0.94	
Earnings power	Return on assets (%)	2.84	5.86	5.95	5.73	4.00	
	Return on equity (%)	4.18	9.67	11.26	10.16	7.13	
	Pretax net profit to paid-in capital ratio (%) (note 6)	8.27	21.14	26.99	31.06	22.65	
	Net profit rate (%)	2.04	4.35	5.25	5.38	3.91	
	Earnings per share (NT\$)	0.72	1.69	2.19	2.52	1.85	
Cash flow	Cash flow ratio (%)	16.67	54.27	49.23	41.57	44.00	
	Cash flow adequacy ratio (%)	66.70	97.93	123.91	131.27	148.36	
	Cash flow reinvestment ratio (%)	0.97	17.13	15.03	11.69	12.44	
Leverage	Operating leverage	2.21	1.51	2.03	1.92	2.53	
	Financial leverage	1.00	1.09	1.06	1.06	1.10	
Items of financial ratios with change exceeding 20% in recent two years and major reasons for the change: 1. Liabilities to assets ratio, return on equity ratio, pretax net profit to paid-in capital ratio, net profit rate, and earnings per share dropped, due to decline of freight volume in the year than the previous year, driving down profits. 2. Operating leverage rose, due to increase of fixed-cost depreciation expense in the year than the previous year.							

Data source: Financial data in recent five year above were audited and certified by certified public accountants

Note 1: 2023 financial data had yet to be perused by certified public accountants as of the date of the printing of the annual report.

Note 2: list the following calculation formulas at the end of the table of the annual report:

1. Financial structure

(1) liabilities to assets ratio = total liabilities/total assets

(2) Long-term fund to property, plant, and equipment ration = (shareholders' equity + non-liquid liabilities)/net value of plant, plant, and equipment.

2. Debt-repayment ability

(1) Current ratio = Liquid assets/liquid liabilities

(2) Quick ratio = (Liquid assets - inventories - prepaid expenses)/liquid liabilities

(3) Times interest earned = Earnings before interest and taxes/interest expenses

3. Operating performance

- (1)Accounts receivables Turnover = Net Sales / Average Accounts Receivables
- (2) Accounts receivables Turnover Days= 365 / Accounts receivables Turnover
- (3)Average Inventory Turnover = Cost of Goods sold / Average Inventory
- (4)Average Inventory Turnover Days = 365 / Average Inventory Turnover
- (5)Acconts Payable Turnover = Cost of Sales / Average Acconts Payables
- (6)Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
- (7)Total Assets Turnover = Net Sales / Average Total Assets

4. Earnings power

- (1)Return on Total Assets = (Net Income + Interest Expenses (1 - Effective Tax Rate)) / Average Total Assets
- (2)Return on Equity = After-tax income/average total equity
- (3)Net Margin = Net Income / Net Sales
- (4)Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (note 4)

5. Cash Flow

- (1)Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
- (2)Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend)
- (3)Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends)/ (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (note 5)

6. Leverage

- (1)Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (note 6)
- (2)Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 3: When evaluating the aforementioned calculation formula for earnings per share, give special notices for the following items:

1. It should be based on weighted average number of common shares, rather than the number of shares in circulation at the end of the year.
2. If there is cash increment or trading in treasury stocks, calculate weighted average number of shares during the circulation period.]
3. If there is capital increment with earnings or capital reserve, retroactive adjustments should be made according to the scale of capital increment in calculating the earnings per share of past year and half a year, without the need of taking into account the issuance period of the capital increment.
4. If preferred shares are accumulated inconvertible preferred shares, their share dividends for the current year (no matter issuance or not) should be deducted from after-tax net profit or be increased to after-tax net loss. If special shares are not accumulated ones, dividends for special

shares should be deducted from after-tax net profit, if any; in the case of loss, it doesn't need adjustment.

Note 4: When evaluating cash flow, give special notices to the following items:

1. Net cash flow of operating activities refer to net operating inflow in cash flow table.
2. Capital outlay refers to cash outflow for annual capital investments.
3. Inventory increase is taken into account, only when initial balance is larger than ending balance; if inventory decreases at the end of year, it is calculated as zero.
4. Cash dividend includes cash dividends for common shares and special shares.
5. Gross property, plant, and equipment refers total value of property, plant, and equipment before depreciation.

Note 5: Issuers should classify operation cost and operating expenses into fixed and variable ones and notices its reasonable and consistent nature, if estimate or subjective judgment is involved.

Note 6: If company stock has no face value or has a face value other than NT\$10, use the share of parent company's equity ownership in balance sheet in the calculation of the share in paid-in capital.

3. Individual financial analysis for recent five years--the nation's corporate accounting standards: not applicable
4. Consolidated financial analysis for recent five years --the nation's corporate accounting standards: not applicable

C. Auditing report of auditing committee on financial statement of the latest year

Audit Committee's Review Report

(This English version is only a translation of the Chinese version.)

The Audit Committee has duly inspected and approved the financial statements for 2022 (including consolidated financial statements), the business report and profit distribution plan prepared and proposed by the Board of Directors, with the financial statements having been audited and certified by PricewaterhouseCoopers, hereby submit this report pursuant to Article 14 of Securities and Exchange Act and Article 219 of the Company Act

To

General Shareholders' Meeting, 2023

Taiwan Pelican Express Co., Ltd.

Audit Committee Convener : LIN, WAN-YING

Wan-Ying Lin

Date: February 23th, 2023

D. Financial statement of the latest year

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Taiwan Pelican Express Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Taiwan Pelican Express Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of 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 at 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Existence and occurrence in recognition of home delivery service revenue

Description

Refer to Note 4(24) for accounting policies applied on operating revenue, Note 6(16) for operating revenue.

For the year ended December 31, 2022, the Group's consolidated operating revenue was NT\$4,509,706 thousand. The Group's revenue is mainly comprised of home delivery revenue, logistic revenue and sales revenue. Besides, home delivery revenue is classified as service revenue. Due to the large amount of transactions and clients, spreading all around the country, we considered the service revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed and tested the effectiveness of internal control of the Group's sales and collection cycle.
2. Performed substantive test on samples of home delivery service revenue to confirm that the transactions actually occurred.
3. Performed confirmations on samples of the clients of home delivery service revenue to confirm that the transactions actually occurred.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Taiwan Pelican Express Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the

Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We 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.

Chih, Ping-Chiun

Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Taiwan Pelican Express CO., Ltd. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 832,405	18	\$ 905,342	18
1150	Notes receivable, net	6(4)	14,204	-	41,090	1
1160	Notes receivable - related parties	7	68,256	2	77,918	2
1170	Accounts receivable, net	6(4)	530,850	12	521,420	10
1180	Accounts receivable - related parties	7	113,488	2	114,156	2
1200	Other receivables		8,880	-	9,991	-
1210	Other receivables - related parties	7	83	-	240	-
130X	Inventories	6(5)	14,596	-	12,574	-
1410	Prepayments		28,672	1	25,163	1
1470	Other current assets	6(6)	218,126	5	148,490	3
11XX	Current Assets		<u>1,829,560</u>	<u>40</u>	<u>1,856,384</u>	<u>37</u>
Non-current assets						
1517	Total non-current financial assets at fair value through other comprehensive income	6(3)	654,476	14	1,193,403	24
1600	Property, plant and equipment	6(7) and 7	682,860	15	648,336	13
1755	Right-of-use assets	6(8) and 7	1,289,007	28	1,202,083	24
1780	Intangible assets	6(9) and 7	7,119	-	2,169	-
1840	Deferred income tax assets	6(23)	21,543	1	23,839	-
1920	Guarantee deposits paid	8	86,417	2	84,243	2
15XX	Non-current assets		<u>2,741,422</u>	<u>60</u>	<u>3,154,073</u>	<u>63</u>
1XXX	Total assets		<u>\$ 4,570,982</u>	<u>100</u>	<u>\$ 5,010,457</u>	<u>100</u>

(Continued)

Taiwan Pelican Express CO., Ltd. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2150	Notes payable		\$ 621	-	\$ 800	-
2160	Notes payable - related parties	7	1,486	-	93	-
2170	Accounts payable		367,755	8	351,036	7
2180	Accounts payable - related parties	7	743	-	1,102	-
2200	Other payables	6(10)	578,956	13	548,072	11
2220	Other payables - related parties	7	4,437	-	8,400	-
2230	Current income tax liabilities	6(23)	11,256	-	31,681	1
2280	Current lease liabilities	7	175,710	4	156,331	3
2300	Other current liabilities		27,531	1	18,543	-
21XX	Current Liabilities		<u>1,168,495</u>	<u>26</u>	<u>1,116,058</u>	<u>22</u>
Non-current liabilities						
2580	Non-current lease liabilities	7	1,173,108	25	1,099,785	22
2600	Other non-current liabilities	6(11)	31,071	1	43,787	1
25XX	Non-current liabilities		<u>1,204,179</u>	<u>26</u>	<u>1,143,572</u>	<u>23</u>
2XXX	Total Liabilities		<u></u>	<u></u>	<u>2,259,630</u>	<u>45</u>
Equity attributable to owners of parent						
	Share capital	6(12)				
3110	Share capital - common stock		954,670	21	954,670	19
	Capital surplus	6(13)				
3200	Capital surplus		300,082	7	300,082	6
	Retained earnings	6(14)				
3310	Legal reserve		156,054	3	132,798	3
3350	Unappropriated retained earnings (accumulated deficit)		406,870	9	444,410	9
	Other equity interest	6(15)				
3400	Other equity interest		380,632	8	918,867	18
31XX	Equity attributable to owners of the parent		<u>2,198,308</u>	<u>48</u>	<u>2,750,827</u>	<u>55</u>
3XXX	Total equity		<u>2,198,308</u>	<u>48</u>	<u>2,750,827</u>	<u>55</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		<u>\$ 4,570,982</u>	<u>100</u>	<u>\$ 5,010,457</u>	<u>100</u>

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

Taiwan Pelican Express CO., Ltd. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Revenue	6(16) and 7	\$ 4,509,706	100	\$ 4,466,137	100
5000	Operating costs	6(5)(21)(22) and 7	(3,836,081)	(85)	(3,713,200)	(83)
5900	Net operating margin		<u>673,625</u>	<u>15</u>	<u>752,937</u>	<u>17</u>
	Operating expenses	6(21)(22) and 7				
6100	Selling expenses		(26,878)	-	(29,714)	(1)
6200	General & administrative expenses		(442,891)	(10)	(439,833)	(10)
6450	Expected credit impairment gains		329	-	1,126	-
6000	Total operating expenses		(469,440)	(10)	(468,421)	(11)
6900	Operating profit		<u>204,185</u>	<u>5</u>	<u>284,516</u>	<u>6</u>
	Non-operating income and expenses					
7100	Interest income	6(17)	4,382	-	2,671	-
7010	Other income	6(3)(18) and 7	29,724	1	28,149	-
7020	Other gains and losses	6(19)	(3,110)	-	(2,744)	-
7050	Finance costs	6(8)(20) and 7	(18,974)	(1)	(16,077)	-
7000	Total non-operating revenue and expenses		<u>12,022</u>	<u>-</u>	<u>11,999</u>	<u>-</u>
7900	Profit before income tax		<u>216,207</u>	<u>5</u>	<u>296,515</u>	<u>6</u>
7950	Income tax expense	6(23)	(39,765)	(1)	(56,014)	(1)
8200	Profit for the year		<u>\$ 176,442</u>	<u>4</u>	<u>\$ 240,501</u>	<u>5</u>
	Other comprehensive (loss) income	6(3)(11)(15)(23)				
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans		\$ 12,193	-	(\$ 9,935)	-
8316	Unrealised (losses) gains from investment in equity instruments measured at fair value through other comprehensive income		(538,927)	(12)	705,535	16
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(2,438)	-	1,988	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		865	-	385	-
8399	Income tax relating to the components of other comprehensive income		(173)	-	(78)	-
8300	Total other comprehensive (loss) income for the year		<u>(\$ 528,480)</u>	<u>(12)</u>	<u>\$ 697,895</u>	<u>16</u>
8500	Total comprehensive (loss) income for the year		<u>(\$ 352,038)</u>	<u>(8)</u>	<u>\$ 938,396</u>	<u>21</u>
	Profit, attributable to:					
8610	Owners of the parent		<u>\$ 176,442</u>	<u>4</u>	<u>\$ 240,501</u>	<u>5</u>
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		<u>(\$ 352,038)</u>	<u>(8)</u>	<u>\$ 938,396</u>	<u>21</u>
	Basic earnings per share	6(24)				
9750	Total basic earnings per share		<u>\$ 1.85</u>		<u>\$ 2.52</u>	
	Diluted earnings per share	6(24)				
9850	Total diluted earnings per share		<u>\$ 1.85</u>		<u>\$ 2.52</u>	

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

Taiwan Pelican Express CO., Ltd. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent							Total equity
	Notes	Share capital - common stock	Capital surplus, additional paid- in capital	Treasury stock transactions	Retained Earnings	Other equity interest		
					Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>Year ended December 31, 2021</u>								
Balance at January 1, 2021		\$ 954,670	\$ 300,031	\$ 51	\$ 112,255	(\$ 766)	\$ 213,791	\$ 1,984,272
Profit for the year				-	240,501	-	-	240,501
Other comprehensive (loss) income for the year	6(3)(11)(15) (23)				(7,947)	307	705,535	697,895
Total comprehensive income						307	705,535	938,396
Distribution of 2020 retained earnings								
Legal reserve					20,543	-	-	-
Cash dividends					(171,841)	-	-	(171,841)
Balance at December 31, 2021		\$ 954,670	\$ 300,031	\$ 51	\$ 444,410	(\$ 459)	\$ 919,326	\$ 2,750,827
<u>Year ended December 31, 2022</u>								
Balance at January 1, 2022		\$ 954,670	\$ 300,031	\$ 51	\$ 444,410	(\$ 459)	\$ 919,326	\$ 2,750,827
Profit for the year					176,442	-	-	176,442
Other comprehensive income for the year	6(3)(11)(15) (23)				9,755	692	(538,927)	(528,480)
Total comprehensive income					186,197	692	(538,927)	(352,038)
Distribution of 2021 retained earnings	6(14)							
Legal reserve					23,256	-	-	-
Cash dividends					(200,481)	-	-	(200,481)
Balance at December 31, 2022		\$ 954,670	\$ 300,031	\$ 51	\$ 406,870	\$ 233	\$ 380,399	\$ 2,198,308

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

Taiwan Pelican Express CO., Ltd. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 216,207	\$ 296,515
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss	6(2)(19)	-	(271)
Expected credit impairment gain	12(2)	(329)	(1,126)
Provision for decline(increase) in market value and obsolescence of inventories	6(5)	73	(44)
Depreciation expense	6(7)(8)(21)	311,587	259,740
Amortization expense	6(9)(21)	1,185	3,087
Loss (gain) on disposal of property, plan and equipment	6(19)	716	(114)
Lease modification gain	6(19)	-	(25)
Interest expense	6(20)	18,974	16,077
Interest income	6(17)	(4,382)	(2,671)
Dividends income	6(18)	(17,302)	(14,078)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		26,885	(4,226)
Notes receivable-related parties		9,662	(14,605)
Accounts receivable		(9,100)	(246,006)
Accounts receivable-related parties		668	114,312
Other receivables		1,068	13,119
Other receivables-related parties		157	196
Inventories		(2,095)	(3,583)
Prepayments		(3,509)	(4,382)
Changes in operating liabilities			
Notes payable		(179)	139
Notes payable-related parties		1,393	66
Accounts payable		16,719	71,940
Accounts payable - related parties		(359)	309
Other payables		(20,109)	20,011
Other payables-related parties		(3,963)	2,452
Other current liabilities		8,988	(931)
Net defined benefit liability		(21)	53
Cash inflow generated from operations		552,934	505,954
Interest received		4,425	2,707
Dividends received	6(18)	17,302	14,078
Income taxes paid		(60,506)	(58,787)
Interest paid		(37)	(37)
Net cash flows from operating activities		<u>514,118</u>	<u>463,915</u>

(Continued)

Taiwan Pelican Express CO., Ltd. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss	6(2)	\$ -	(\$ 29,982)
Proceeds from disposal of financial assets at fair value through profit or loss	6(2)	-	30,253
Acquisition of property, plant and equipment	6(25)	(168,238)	(112,715)
Acquisition of intangible assets	6(9)	(6,135)	(2,392)
Proceeds from disposal of property, plant and equipment		607	749
Increase in refundable deposits		(2,174)	(6,458)
Net cash flows used in investing activities		(175,940)	(120,545)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Cash dividends paid	6(14)	(200,481)	(171,841)
Payments of lease liabilities	6(8)(26)	(210,998)	(165,881)
Decrease in deposit received		(501)	-
Net cash flows used in financing activities		(411,980)	(337,722)
Effect of exchange rate changes on cash and cash equivalents		865	389
Net (decrease) increase in cash and cash equivalents		(72,937)	6,037
Cash and cash equivalents at beginning of year		905,342	899,305
Cash and cash equivalents at end of year		\$ 832,405	\$ 905,342

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

TAIWAN PELICAN EXPRESS CO., LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Taiwan Pelican Express Co., Ltd. (the “Company”) was incorporated under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in route-permitted truck transportation, home delivery and other professional logistic delivery services. TECO ELECTRIC & MACHINERY CO., LTD. directly and indirectly holds 32.15% equity interest in the Company. TECO ELECTRIC & MACHINERY CO., LTD. is the Group’s ultimate parent company. Starting from December 12, 2013, the Company’s stock was listed on Taiwan Stock Exchange.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were reported to the Board of Directors on February 23, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRSs 2018- 2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 - comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through other comprehensive income.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained

in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiaries	Main business activities	Ownership(%)		Description
			December 31, 2022	December 31, 2021	
Taiwan Pelican Express Co., Ltd.	Pelecanus Express Pte. Ltd.	Investing in overseas	100	100	None
Pelecanus Express Co., Ltd.	Pelican Express (Vietnam) Co., LTD	Warehouse storage service	100	100	None

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollar, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive

income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The group recognise the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets measured at fair value through other comprehensive income and accounts receivable that have a significant financial component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime

expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Transportation equipment	3 to 11 years
Office equipment	2 to 8 years
Machinery and equipment	15 years
Other equipment	1 to 10 years
Leasehold improvements	2 to 16 years

(14) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-

value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Service revenue

The Group provides home delivery and logistics services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

B. Sales revenue

(a) The Group sells a range of internet and catalog shopping, pre-order in convenient store and collective buying, services in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler. 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, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Related information of uncertainty from significant accounting judgement, estimates and assumptions were addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 269	\$ 1,906
Checking accounts and demand deposits	446,136	236,721
Time deposits	386,000	616,800
Bills sold under repurchase agreement	-	49,915
Total	<u>\$ 832,405</u>	<u>\$ 905,342</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	<u>\$ -</u>	<u>\$ 271</u>

(3) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 249,331	\$ 249,331
Unlisted stocks	24,746	24,746
Subtotal	274,077	274,077
Valuation adjustment	380,399	919,326
Total	<u>\$ 654,476</u>	<u>\$ 1,193,403</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$654,476 and \$1,193,403 as at December 31, 2022 and 2021, respectively.
- B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 538,927)	\$ 705,535
Dividend income recognised in profit or loss		
Held at end of period	<u>\$ 17,302</u>	<u>\$ 12,721</u>

- C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets measured at fair value through other comprehensive income held by the Group was \$654,476 and \$1,193,403 respectively.
- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 14,234	\$ 41,119
Less: Allowance for bad debt	(30)	(29)
	<u>\$ 14,204</u>	<u>\$ 41,090</u>
Accounts receivable	\$ 538,427	\$ 531,608
Less: Allowance for bad debt	(7,577)	(10,188)
	<u>\$ 530,850</u>	<u>\$ 521,420</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	<u>\$ 13,768</u>	<u>\$ 504,348</u>	<u>\$ 40,646</u>	<u>\$ 496,081</u>
Past due				
Up to 30 days	436	24,653	444	22,910
31 to 90 days	-	1,513	-	2,245
Over 91 days	-	<u>336</u>	-	<u>184</u>
Subtotal	<u>436</u>	<u>26,502</u>	<u>444</u>	<u>25,339</u>
Total	<u>\$ 14,204</u>	<u>\$ 530,850</u>	<u>\$ 41,090</u>	<u>\$ 521,420</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$311,152.
- C. The Group has no notes and accounts receivable pledged to others.
- D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$14,240 and \$41,090, \$530,850 and \$521,420, respectively.
- E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(3).

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Carrying amount
Merchandise inventory	<u>\$ 15,051</u>	<u>(\$ 455)</u>	<u>\$ 14,596</u>
	December 31, 2021		
	Cost	Allowance for valuation loss	Carrying amount
Merchandise inventory	<u>\$ 12,956</u>	<u>(\$ 382)</u>	<u>\$ 12,574</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold	\$ 248,414	\$ 197,217
Loss (gain from reversal) on decline in market value	<u>73</u>	<u>(44)</u>
	<u>\$ 248,487</u>	<u>\$ 197,173</u>

For the year ended December 31, 2021, the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because the clearance of storage.

(6) Other current assets

	December 31, 2022	December 31, 2021
Other financial assets	<u>\$ 218,126</u>	<u>\$ 148,490</u>

Aforementioned other financial assets were proceeds received on behalf of and should be paid to others from home delivery services.

(7) Property, plant and equipment

	Transportation equipment	Office equipment	Machinery and equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1, 2022							
Cost	\$ 1,104,737	\$ 217,445	\$ 134,022	\$ 83,513	\$ 124,492	\$ 10,240	\$ 1,674,449
Accumulated depreciation and impairment	(633,641)	(193,333)	(33,122)	(61,436)	(104,581)	-	(1,026,113)
	<u>\$ 471,096</u>	<u>\$ 24,112</u>	<u>\$ 100,900</u>	<u>\$ 22,077</u>	<u>\$ 19,911</u>	<u>\$ 10,240</u>	<u>\$ 648,336</u>
2022							
At January 1	\$ 471,096	\$ 24,112	\$ 100,900	\$ 22,077	\$ 19,911	\$ 10,240	\$ 648,336
Additions	106,766	8,019	-	8,447	9,985	16,378	149,595
Disposal - cost	(44,557)	(1,120)	-	(5,298)	-	-	(50,975)
Disposal - Accumulated depreciation and impairment	43,348	1,006	-	5,298	-	-	49,652
Depreciation charge	(75,094)	(9,471)	(8,953)	(10,933)	(9,297)	-	(113,748)
Reclassifications	10,240	-	-	-	-	(10,240)	-
At December 31	<u>\$ 511,799</u>	<u>\$ 22,546</u>	<u>\$ 91,947</u>	<u>\$ 19,591</u>	<u>\$ 20,599</u>	<u>\$ 16,378</u>	<u>\$ 682,860</u>
At December 31, 2022							
Cost	\$ 1,177,186	\$ 224,344	\$ 134,022	\$ 86,662	\$ 134,477	\$ 16,378	\$ 1,773,069
Accumulated depreciation and impairment	(665,387)	(201,798)	(42,075)	(67,071)	(113,878)	-	(1,090,209)
	<u>\$ 511,799</u>	<u>\$ 22,546</u>	<u>\$ 91,947</u>	<u>\$ 19,591</u>	<u>\$ 20,599</u>	<u>\$ 16,378</u>	<u>\$ 682,860</u>

	Transportation equipment	Office equipment	Machinery and equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1, 2021							
Cost	\$ 1,034,730	\$ 210,333	\$ 133,532	\$ 80,444	\$ 116,363	\$ -	\$ 1,575,402
Accumulated depreciation and impairment	(597,449)	(183,514)	(24,192)	(54,326)	(95,816)	-	(955,297)
	\$ 437,281	\$ 26,819	\$ 109,340	\$ 26,118	\$ 20,547	\$ -	\$ 620,105
2021							
At January 1	\$ 437,281	\$ 26,819	\$ 109,340	\$ 26,118	\$ 20,547	\$ -	\$ 620,105
Additions	102,528	9,845	490	6,763	8,129	10,240	137,995
Disposal - cost	(29,620)	(2,733)	-	(3,694)	-	-	(36,047)
Disposal - Accumulated depreciation and impairment	29,185	2,726	-	3,501	-	-	35,412
Depreciation charge	(65,377)	(12,545)	(8,930)	(10,611)	(8,765)	-	(106,228)
Reclassifications	(2,901)	-	-	-	-	-	(2,901)
At December 31	\$ 471,096	\$ 24,112	\$ 100,900	\$ 22,077	\$ 19,911	\$ 10,240	\$ 648,336
At December 31, 2021							
Cost	\$ 1,104,737	\$ 217,445	\$ 134,022	\$ 83,513	\$ 124,492	\$ 10,240	\$ 1,674,449
Accumulated depreciation and impairment	(\$ 633,641)	(\$ 193,333)	(\$ 33,122)	(\$ 61,436)	(\$ 104,581)	-	(\$ 1,026,113)
	\$ 471,096	\$ 24,112	\$ 100,900	\$ 22,077	\$ 19,911	\$ 10,240	\$ 648,336

Each of aforementioned assets was for self-use.

(8) Lease transactions – lessee

- A. The Group leases buildings. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes, lease, transfer or provided to others.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 1,289,007</u>	<u>\$ 1,202,083</u>
	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 197,839</u>	<u>\$ 153,512</u>

- C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$284,763 and \$442,162, respectively.
- D. Information on profit or loss in relation to lease contracts is as follows:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 18,937	\$ 16,040
Expense on short-term lease contracts	142,244	154,553
Expense on leases of low-value assets	12,704	10,167
Expense on variable lease payments	1,654	1,563
Gain or loss on lease modification	-	25

- E. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$367,385 and \$332,300 respectively.
- F. Extension and termination options
- (a) Extension or termination options are included in some of the Group's lease contracts pertaining to buildings. These terms and conditions aim to maximise optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.
- (c) Based on the assessment on whether to exercise the extension option, an increase in the right-of-use assets and lease liabilities of \$20,234 and \$80,536 was recognised as at December 31, 2022 and 2021, respectively.

G. The Group has applied the practical expedient to “Covid-19-related rent concessions”, and recognised the gain from changes in lease payments arising from the rent concessions as other income amounting to \$388 and \$1,419 for the years ended December 31, 2022 and 2021.

H. Refer to Note 7 for details of the Group’s lease commitments in relation to related parties.

(9) Intangible assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Computer software		
Cost	\$ 37,527	\$ 31,392
Accumulated amortisation	(30,408)	(29,223)
	<u>\$ 7,119</u>	<u>\$ 2,169</u>
	<u>For the year ended</u>	<u>For the year ended</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
At January 1	\$ 2,169	\$ 2,864
Additions — acquired separately	6,135	2,392
Amortisation charge	(1,185)	(3,087)
At December 31	<u>\$ 7,119</u>	<u>\$ 2,169</u>

Details of amortisation on intangible assets are as follows:

	<u>For the year ended</u>	<u>For the year ended</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Operating costs	\$ 1,000	\$ 2,472
Administrative expenses	185	615
	<u>\$ 1,185</u>	<u>\$ 3,087</u>

(10) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wages and salaries payable	\$ 213,530	\$ 245,639
Collection of sales on behalf of others	218,126	148,490
Labour and health insurance fees payable	23,022	23,834
Business tax payable	14,117	11,745
Payable on equipment	22,120	40,670
Others	<u>88,041</u>	<u>77,694</u>
	<u>\$ 578,956</u>	<u>\$ 548,072</u>

Aforementioned collection of sales on behalf of others were proceeds received on behalf of and should be paid to others from home delivery services.

(11) Pensions

A. (a) The Company have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 46,922	\$ 59,568
Fair value of plan assets	(21,074)	(21,506)
Net defined benefit liability	<u>\$ 25,848</u>	<u>\$ 38,062</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>2022</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	\$ 59,568	(\$ 21,506)	\$ 38,062
Current service cost	96	-	96
Interest expense (income)	440	(157)	283
	<u>60,104</u>	<u>(21,663)</u>	<u>38,441</u>
Remeasurements:			
Returns on plan assets	-	(1,707)	(1,707)
Change in demographic assumptions	-	-	-
Change in financial assumptions	(3,888)	-	(3,888)
Experience adjustments	(6,598)	-	(6,598)
	<u>(10,486)</u>	<u>(1,707)</u>	<u>(12,193)</u>
Pension fund contribution	-	(400)	(400)
Paid pension	(2,696)	2,696	-
At December 31	<u>\$ 46,922</u>	<u>(\$ 21,074)</u>	<u>\$ 25,848</u>

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 50,422	(\$ 22,348)	\$ 28,074
Current service cost	86	-	86
Interest expense (income)	247	(106)	141
	<u>50,755</u>	<u>(22,454)</u>	<u>28,301</u>
Remeasurements:			
Returns on plan assets	-	(293)	(293)
Change in demographic assumptions	4,361	-	4,361
Change in financial assumptions	(1,533)	-	(1,533)
Experience adjustments	7,400	-	7,400
	<u>10,228</u>	<u>(293)</u>	<u>9,935</u>
Pension fund contribution	-	(174)	(174)
Paid pension	(1,415)	1,415	-
At December 31	<u>\$ 59,568</u>	<u>(\$ 21,506)</u>	<u>\$ 38,062</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Discount rate	<u>1.60%</u>	<u>0.75%</u>
Future salary increases	<u>0.50%</u>	<u>0.50%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ <u>1,061</u>)	<u>\$ 1,096</u>	<u>\$ 1,108</u>	(<u>\$ 722</u>)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ <u>1,480</u>)	<u>\$ 1,532</u>	<u>\$ 1,534</u>	(<u>\$ 1,046</u>)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period. Additionally, the Company's future salary increases would not have significantly possible changes and affected defined pension obligations.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$402.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 9.3 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	1,420
1 to 2 years		1,702
2 to 5 years		10,335
Over 5 years		<u>15,783</u>
	<u>\$</u>	<u>29,240</u>

B. (a) Effective July 1, 2005, the Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or

in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021, were \$72,095 and \$69,726, respectively.

(12) Share capital

As of December 31, 2022, the Company's authorised capital was \$1,000,000, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was \$954,670 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed according to following regulations:

(a) Payment of taxes.

(b) Offset accumulated deficit.

(c) Set aside 10% as legal reserve.

(d) Special reserve was set aside or reversed in accordance with the authority. The appropriation of the remainder along with the unappropriated earnings in prior years, shall be proposed by the Board of Directors and be resolved by the shareholders' meeting.

(e) In consideration of possible expansion of operation and investment, the earnings distributed to the shareholders each year will basically be in an amount equal to 50% of the earnings received in the period combined with the retained earnings from the previous year, net of the legal reserve and special earning reserve. Basically 50% but not less than 5% of the earnings distributed to the shareholders shall be distributed in cash.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriation of 2022 earnings as approved by the Board of Directors on February 23, 2023 and the appropriation of 2021 earnings as resolved by the shareholders' meeting on May 27, 2022 are as follows:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 18,620		\$ 23,256	
Cash dividends	<u>143,201</u>	\$ 1.5	<u>200,481</u>	\$ 2.1
Total	<u>\$161,821</u>		<u>\$223,736</u>	

(15) Other equity items

	Year ended December 31, 2022		
	Unrealised gains (losses) on valuation	Foreign currency translation	Total
At January 1	\$ 919,326	(\$ 459)	\$ 918,867
Valuation adjustment	(538,927)	-	(538,927)
Currency translation differences:			
-Group	-	865	865
-Tax on Group	-	(173)	(173)
At December 31	<u>\$ 380,399</u>	<u>\$ 233</u>	<u>\$ 380,632</u>
	Year ended December 31, 2021		
	Unrealised gains (losses) on valuation	Foreign currency translation	Total
At January 1	\$ 213,791	(\$ 766)	\$ 213,025
Valuation adjustment	705,535	-	705,535
Currency translation differences:			
-Group	-	385	385
-Tax on Group	-	(78)	(78)
At December 31	<u>\$ 919,326</u>	<u>(\$ 459)</u>	<u>\$ 918,867</u>

(16) Operating revenue

	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue from contracts with customers	\$ 4,509,706	\$ 4,466,137

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major categories:

<u>For the year ended December 31, 2022</u>	<u>Services</u>	<u>Sales of goods</u>	<u>Total</u>
Revenue from external customer contracts	\$ 4,228,828	\$ 280,878	\$ 4,509,706
Timing of revenue recognition			
At a point in time	\$ -	\$ 280,878	\$ 280,878
Over time	\$ 4,228,828	\$ -	\$ 4,228,828
<u>For the year ended December 31, 2021</u>	<u>Services</u>	<u>Sales of goods</u>	<u>Total</u>
Revenue from external customer contracts	\$ 4,240,740	\$ 225,397	\$ 4,466,137
Timing of revenue recognition			
At a point in time	\$ -	\$ 225,397	\$ 225,397
Over time	\$ 4,240,740	\$ -	\$ 4,240,740

(17) Interest income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest income from bank deposits	\$ 4,218	\$ 2,418
Other interest income	164	253
	\$ 4,382	\$ 2,671

(18) Other income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Dividend income	\$ 17,302	\$ 14,078
Rental income	29	279
Other income, others	12,393	13,792
	\$ 29,724	\$ 28,149

(19) Other gains and losses

	For the year ended December 31, 2022	For the year ended December 31, 2021
(Losses) gains on disposal of property, plant and equipment	(\$ 716)	\$ 114
Gains arising from lease modifications	-	25
Net currency exchange (losses) gains	(21)	24
Gains on financial assets at fair value through profit or loss	-	271
Other losses	(2,373)	(3,178)
	<u>(\$ 3,110)</u>	<u>(\$ 2,744)</u>

(20) Finance costs

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest expenses - lease liability	\$ 18,937	\$ 16,040
Interest expenses - others	37	37
	<u>\$ 18,974</u>	<u>\$ 16,077</u>

(21) Expenses by nature

	For the year ended December 31, 2022	For the year ended December 31, 2021
Employee benefit expense	\$ 1,514,866	\$ 1,568,018
Depreciation charges on right-of-use	197,839	153,512
Depreciation charges on property, plant and equipment	113,748	106,228
Amortisation charges on intangible assets	1,185	3,087

(22) Employee benefit expense

	For the year ended December 31, 2022	For the year ended December 31, 2021
Wages and salaries	\$ 1,246,660	\$ 1,297,415
Labour and health insurance fees	141,374	143,372
Pension costs	72,474	69,953
Other personnel expenses	54,358	57,278
	<u>\$ 1,514,866</u>	<u>\$ 1,568,018</u>

A. In accordance with the Articles of Incorporation of the Company, the current year's earnings, if any, shall appropriate a ratio of distributable profit of the current year, offer covering accumulated losses, shall be distributed as employees' compensation and director's remuneration. The ratios for employees' compensation and directors' remuneration should be 0.5%~0.15% and 3%, respectively. However, if the Company has accumulated deficit, the current year's earnings shall first be reserved to cover the deficit.

- B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$2,250 and \$3,089, respectively; while directors' remuneration was accrued at \$6,751 and \$9,266, respectively. The aforementioned amounts were recognised in salary expenses.
- C. For the year ended December 31, 2022, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 1% and 3% of distributable profit of current year as of the end of reporting period.
- D. Employees' compensation and directors' and supervisors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.
- E. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expenses

(a) Components of income tax expense:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Current tax:		
Current tax on profits for the year	\$ 39,992	\$ 56,605
Prior year income tax underestimation	88	187
Total current tax	<u>40,080</u>	<u>56,792</u>
Deferred tax:		
Origination and reversal of temporary differences	(315)	(778)
Total deferred tax	<u>(315)</u>	<u>(778)</u>
Income tax expenses	<u>\$ 39,765</u>	<u>\$ 56,014</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Currency translation differences	\$ 173	(\$ 78)
Remeasurement of defined benefit obligations	<u>\$ 2,438</u>	<u>\$ 1,988</u>

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2022	For the year ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	\$ 43,385	\$ 59,313
Effect from items disallowed by tax regulation	(3,708)	(3,486)
Prior year income tax underestimation	88	187
Income tax expenses	<u>\$ 39,765</u>	<u>\$ 56,014</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
-Deferred income tax assets:				
-Temporary differences:				
Amount of allowance for uncollectible accounts that exceed the limit for tax purpose	\$ 210	\$ -	\$ -	\$ 210
Remeasurement of defined benefit obligations	6,725	-	(2,438)	4,287
Unrealised expenses	11,183	285	-	11,468
Share of profit or loss accounted for using equity method	5,607	30	-	5,637
Currency translation differences	114	-	(173)	(59)
Total	<u>\$ 23,839</u>	<u>\$ 315</u>	<u>(\$ 2,611)</u>	<u>\$ 21,543</u>

For the year ended December 31, 2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
-Deferred income tax assets:				
-Temporary differences:				
Amount of allowance for uncollectible accounts that exceed the limit for tax purpose	\$ 210	\$ -	\$ -	\$ 210
Remeasurement of defined benefit obligations	4,737	-	1,988	6,725
Unrealised expenses	10,405	778	-	11,183
Share of profit or loss accounted for using equity method	5,607	-	-	5,607
Currency translation differences	192	-	(78)	114
Total	\$ 21,151	\$ 778	\$ 1,910	\$ 23,839

D. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	For the year ended December 31, 2022		
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
	<u>Amount after tax</u>		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 176,442	95,467	\$ 1.85
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 176,442	95,467	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	45	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 176,442	95,512	\$ 1.85

For the year ended December 31, 2021

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 240,501	95,467	\$ 2.52
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 240,501	95,467	
Employees' compensation	-	43	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 240,501</u>	<u>95,510</u>	<u>\$ 2.52</u>

(25) Supplemental cash flow information

Investing activities with partial cash payments

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Purchase of property, plant and equipment	\$ 149,595	\$ 137,995
Add: Opening balance of payable on equipment (including related parties)	40,763	15,483
Less: Ending balance of payable on equipment (including related parties)	(22,120)	(40,763)
Cash paid during the year	<u>\$ 168,238</u>	<u>\$ 112,715</u>

Refer to Note 7 for equipment payables in relation to property purchase transactions with related parties.

(26) Changes in liabilities from financing activities

	For the year ended December 31, 2022		
	Lease liability	Deposits received	Liabilities from financing activities-gross
Opening net book amount as at January 1	\$ 1,256,116	\$ 5,718	\$ 1,261,834
Additions	284,763	-	284,763
Interest on lease liabilities	18,937	-	18,937
Payments of lease liabilities	(210,998)	-	(210,998)
Decreases	-	(501)	(501)
Closing net book amount as at December 31	<u>\$ 1,348,818</u>	<u>\$ 5,217</u>	<u>\$ 1,354,035</u>

	For the year ended December 31, 2021		
	Lease liability	Deposits received	Liabilities from financing activities-gross
Opening net book amount as at January 1	\$ 965,688	\$ 5,718	\$ 971,406
Additions	442,162	-	442,162
Interest on lease liabilities	16,040	-	16,040
Payments of lease liabilities	(165,881)	-	(165,881)
Decreases	(1,893)	-	(1,893)
Closing net book amount as at December 31	<u>\$ 1,256,116</u>	<u>\$ 5,718</u>	<u>\$ 1,261,834</u>

7. Related Party Transactions

(1) Parent and ultimate controlling party

TECO ELECTRIC & MACHINERY CO., LTD. (incorporated in R.O.C.) was the Group's ultimate parent company which directly and indirectly held 32.15% of equity interests in the Group.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
TECO ELECTRIC & MACHINERY CO., LTD. (TECO Electric & Machinery)	Ultimate parent
Momo.com Inc. (Note 1)	Entities with significant influence over the Group
Fubon Gehua (Beijing) Enterprise Co., Ltd. (Note 1)	Entities with significant influence over the Group
Information Technology Total Services Corp. (Information Technology)	Associate of parent company
Tong-An Assets Management & Development Co., Ltd. (Tong-An Assets)	Associate of parent company
E-Joy International Co., Ltd. (E-Joy)	Associate of parent company
A-Ok Technical Co., Ltd. (A-Ok)	Associate of parent company
Tesen Electric & Machinery CO., LTD.	Associate of parent company
TECO Electro Devices Co., Ltd. (TECO Electro)	Associate of parent company
Tecnos International Consultant Co., Ltd. (TECNOS)	Associate of parent company
Taian-Etacom Technology CO., LTD.	Associate of parent company
Teco Smart Technologies Co., Ltd. (Note 2)	Associate of parent company
Yatec Engineering Corporation (Yatec)	Associate of parent company
Jie Zheng Property Service & Management Co., Ltd. (Jie Zheng)	Associate of parent company
An-shin Food Service Co., Ltd. (An-shin)	Associate of parent company
Royal Host Taiwan Co., Ltd. (Royal Host)	Associate of parent company
Tecom Co., Ltd. (Tecom)	Associate of parent company
Fujio Food System Taiwan Co., Ltd. (Fujio Food)	Associate of parent company
Tong Dai Co., Ltd.	Associate of parent company
Teco (Vietnam) Electric & Machinery Co., Ltd.	Associate of parent company
CREATIVE SENSOR INC.	Associate of parent company
Centurytech Construction and Management Corp.	Associate of parent company
YUBAN & COMPANY (YUBAN)	Associate of parent company

Note 1: Not a related parties started since March 2021.

Note 2: TECO ELECTRIC & MACHINERY CO., LTD. was approved by the board of directors on August 12, 2022 for a short-form merger with its subsidiary Teco Smart Technologies Co., Ltd., TECO ELECTRIC & MACHINERY CO., LTD. is the surviving company, and Teco Smart Technologies Co., Ltd. is the dissolved company.

(3) Significant related party transactions

A. Sales of goods and services

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Operating revenue:		
Ultimate parent	\$ 349,918	\$ 339,941
Entities with significant influence to the Group		
Momo.com Inc.	-	165,157
Associate of parent company		
An-shin	235,465	183,006
Others	<u>37,656</u>	<u>57,282</u>
Total	<u>\$ 623,039</u>	<u>\$ 745,386</u>

Goods and services are sold based on the price lists in force and terms that would be available to third parties.

B. Purchase of services and other expenses

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Service expenses:		
Ultimate parent	\$ 9,579	\$ 3,344
Associate of parent company	19,190	20,867
Rent expense:		
Ultimate parent	8,156	6,636
Associate of parent company		
Tong-An Assets	30,246	40,439
Others	119	100
Other expenses:		
Ultimate parent	5,455	6,623
Entities with significant influence over the Group	-	288
Associate of parent company	<u>19,304</u>	<u>18,728</u>
Total	<u>\$ 92,049</u>	<u>\$ 97,025</u>

(a) Service expenses were arisen from labor dispatch and commissioned customer services, etc., and the payment period was based on mutual agreement.

(b) Rent expenses were referred to market, and the payment period was based on mutual agreement.

(c) Other expenses were information technology expenses, repairs and maintenance expense and miscellaneous purchases, etc., and the payment period was based on mutual agreement.

C. Other income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Dividend income:		
Ultimate parent	\$ 9,545	\$ 8,131
Associate of parent company	-	1,357
Total	<u>\$ 9,545</u>	<u>\$ 9,488</u>

D. Receivables from related parties:

	December 31, 2022	December 31, 2021
Notes receivable:		
Ultimate parent	\$ 64,712	\$ 76,417
Associate of parent company	<u>3,544</u>	<u>1,501</u>
Subtotal	<u>68,256</u>	<u>77,918</u>
Accounts receivable:		
Ultimate parent	36,868	48,279
Associate of parent company		
An-shin	66,776	53,554
Others	<u>9,844</u>	<u>12,323</u>
Subtotal	<u>113,488</u>	<u>114,156</u>
Other receivables - other (including payment on behalf of others)		
Ultimate parent	7	113
Associate of parent company	<u>76</u>	<u>127</u>
Subtotal	<u>83</u>	<u>240</u>
Total	<u>\$ 181,827</u>	<u>\$ 192,314</u>

Receivables from related parties arose from home delivery and logistic services. The receivables were due in 60 days after monthly billings. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

E. Payables to related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes payable:		
Ultimate parent	\$ 728	\$ -
Associate of parent company	<u>758</u>	<u>93</u>
Subtotal	<u>1,486</u>	<u>93</u>
Accounts payable:		
Ultimate parent	465	811
Associate of parent company	<u>278</u>	<u>291</u>
Subtotal	<u>743</u>	<u>1,102</u>
Other payables — acquisition of property, plant and equipment:		
Associate of parent company	-	93
Other payables — others:		
Ultimate parent	3,004	3,564
Associate of parent company	<u>1,433</u>	<u>4,743</u>
Subtotal	<u>4,437</u>	<u>8,400</u>
Total	<u>\$ 6,666</u>	<u>\$ 9,595</u>

Payables to related parties mainly arose from property transactions, commissioned customer services, home delivery service, and proceeds from receipts on behalf of others and payables were generated from purchase of goods and services due to home delivery services. The payment period was 30 days after purchasing goods and services and monthly billings, and that payables bear no interest.

F. Lease transactions — lessee

(a) The Group lease office and service points from related parties, and the lease period was 2 to 5 years, 12 months as one period for the rent. The Group issued 12 checks for 12 months at the first date of every period, and checks would be paid when on the due date every months.

(b) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associate of parent company		
Tong-An Assets	<u>\$ 33,949</u>	<u>\$ -</u>

(c) Lease liability

i. Outstanding balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associate of parent company		
Tong-An Assets	<u>\$ 34,072</u>	<u>\$ -</u>

ii. Interest expense

	For the year ended December 31, 2022	For the year ended December 31, 2021
Associate of parent company		
Tong-An Assets	\$ 36	\$ 6

G. Property transactions

(a) Acquisition of property, plant and equipment

	For the year ended December 31, 2022	For the year ended December 31, 2021
Ultimate parent	\$ -	\$ 4,293
Associate of parent company	114	196
Total	\$ 114	\$ 4,489

(b) Acquisition of intangible assets

	For the year ended December 31, 2022	For the year ended December 31, 2021
Associate of parent company	\$ -	\$ 487

(c) Acquisition of right-of-use assets:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Associate of parent company	\$ 45,265	\$ -

(4) Key management compensation

	For the year ended December 31, 2022	For the year ended December 31, 2021
Salaries and other short-term employee benefits	\$ 16,484	\$ 19,291
Post-employment benefits	3,200	269
Total	19,684	19,560

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Other non-current assets - guarantee deposits paid	\$ 59,793	\$ 65,322	Note

Note: It was the Group's collateral for performance guarantee.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	\$ 4,198	\$ -
Intangible assets	<u>7,634</u>	<u>8,996</u>
Total	<u>\$ 11,832</u>	<u>\$ 8,996</u>

B. Refer to Note 6(8) for details of related lease commitments.

C. Refer to Note 7 for details of the Group's commitments in relation to related parties.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Responsive action to COVID-19

Due to the effects from Covid-19 outbreak and the epidemic prevention measures which were promoted by the government, the Group had assessed that there were no significant effects on operation and caused decreases in 2022 operating revenue. Additionally, the Group's ability to continue as a going concern was assessed to have no doubts, assets were not impaired, and financing risk did not increase. The Group's management of reaction to the pandemic had followed related measures of Central Epidemic Command Center and regulations of Communicable Disease Control Act in relation to epidemic prevention . Additionally, please refer to Note 6(8) for information of the effects on profit or losses from rent concessions due to the business in Taoyuan International Airport.

(2) Capital management

The Group's objectives were based on the Group's environment, growth stage, capital requirement of significant investment plan in the future and long-term financial plan when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(3) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Investments designated as equity instrument	\$ 654,476	\$ 1,193,403
Financial assets at amortised cost		
Cash and cash equivalents	832,405	905,342
Notes receivable (including related parties)	82,460	119,008
Accounts receivable (including related parties)	644,338	635,576
Other receivables (including related parties)	8,963	10,231
Guarantee deposits paid	86,417	84,243
	<u>\$ 1,654,583</u>	<u>\$ 1,754,400</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable (including related parties)	\$ 2,107	\$ 893
Accounts payable (including related parties)	368,498	352,138
Other payables (including related parties)	583,393	556,472
	<u>\$ 953,998</u>	<u>\$ 909,503</u>
Lease liability	<u>\$ 1,348,818</u>	<u>\$ 1,256,116</u>

B. Financial risk management policies

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (New Taiwan dollar)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:VND	\$ 101	23,806	\$ 3,095
<u>Non-monetary items</u>			
Investments accounted for under the equity method			
USD:NTD	(3)	30.71	(82)
VND:NTD	5,026,735	0.00129	6,459
(Foreign currency: functional currency)	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (New Taiwan dollar)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 2	27.68	\$ 55
USD:VND	104	23,163	2,879
<u>Non-monetary items</u>			
Investments accounted for under the equity method			
USD:NTD	82	27.68	2,527
VND:NTD	4,872,407	0.00120	5,822

iii. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to (\$21) and \$24, respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

(Foreign currency: functional currency)	For the year ended 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:VND	1%	\$ 31	\$ -
		For the year ended December 31, 2021	
		Sensitivity analysis	
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1	\$ -
USD:VND	1%	30	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, loss or profit for the years ended December 31, 2022 and 2021 would have increased/decreased \$32,724 and \$59,670, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

None.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only institutions with good goodwill and without significant default records in latest period are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Group classifies customer's accounts receivable and rents receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.
- v. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix, loss rate methodology is as follows:

December 31, 2022	Past due				Total
	Not past due	Up to 30 days	31 to 90 days	Over 91 days	
Expected loss rate	0%~1%	1%~2%	1%~5%	1%~100%	
Total book value	\$ 505,006	\$ 25,163	\$ 1,592	\$ 6,666	\$538,427
Loss allowance	(\$ 658)	(\$ 510)	(\$ 79)	(\$ 6,330)	(\$ 7,577)

December 31, 2021	Past due				Total
	Not past due	Up to 30 days	31 to 90 days	Over 91 days	
Expected loss rate	0.11%~1%	1%~2%	1%~5%	1%~100%	
Total book value	\$ 496,748	\$ 23,377	\$ 2,357	\$ 9,126	\$531,608
Loss allowance	(\$ 667)	(\$ 467)	(\$ 112)	(\$ 8,942)	(\$ 10,188)

vi. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable and notes receivable are as follows:

	For the year ended December 31, 2022	
	Accounts receivable	Notes receivable
Opening net book amount as at January 1	\$ 10,188	\$ 29
Provision for impairment	-	1
Reversal of impairment loss	(330)	-
Write-offs	(2,281)	-
Closing net book amount as at December 31	<u>\$ 7,577</u>	<u>\$ 30</u>
	For the year ended December 31, 2021	
	Accounts receivable	Notes receivable
Opening net book amount as at January 1	\$ 11,379	\$ 16
Provision for impairment	-	13
Reversal of impairment loss	(1,139)	-
Write-offs	(66)	-
Collection of write-offs of prior years	14	-
Closing net book amount as at December 31	<u>\$ 10,188</u>	<u>\$ 29</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2022 and 2021 the Group held money market position of \$832,405 and \$905,342, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	Between 3					Total
	Less than 3 months	months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Notes payable (including related parties)	\$ 2,047	\$ 60	\$ -	\$ -	\$ -	\$ 2,107
Accounts payable (including related parties)	362,142	6,356	-	-	-	368,498
Other payables (including related parties)	514,898	68,495	-	-	-	583,393
Lease liabilities (including related parties)	49,737	143,499	163,950	359,754	737,344	1,454,284

Non-derivative financial liabilities:

December 31, 2021	Between 3					Total
	Less than 3 months	months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Notes payable (including related parties)	\$ 835	\$ 58	\$ -	\$ -	\$ -	\$ 893
Accounts payable (including related parties)	319,161	32,977	-	-	-	352,138
Other payables (including related parties)	447,541	108,931	-	-	-	556,472
Lease liabilities (including related parties)	48,448	137,063	131,114	331,027	757,131	1,404,783

(4) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investments in listed stocks were included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), notes payable (including related parties), accounts payable (including related parties) and other payables (including related parties), lease liabilities approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 654,476	\$ -	\$ -	\$ 654,476
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 1,193,403	\$ -	\$ -	\$ 1,193,403

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. For the instruments the Group used market quoted prices as their fair values (that is, Level 1), the Group uses the closing price as market quoted prices.
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper

interest rates quoted from Reuters).

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

F. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

The names, numbers holding and proportions of shareholders who held above 5% of ownership in the Company: Please refer to table 6.

14. Operating segment information

(1) General information

The Group managed business and determined strategy in the dimension of services classification and identified reportable segment in the same way.

The Group had two reportable segments: home delivery service segment and logistic business segment. Home delivery service segment mainly engaged in route-permitted truck transportation and home delivery service, and logistic business segment mainly engaged in the warehouse storage and tally and transportation delivery business.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The Group assessed operating performance based on the profit before income tax of each operating segments. The measurement standard excluding the effects from non-current expenditures and gain (loss) on valuation of financial instruments in operating segments, and sales and services provided between segments were at fair trading practices. The revenue from external customers reported to the chief operating decision-maker was measured in a manner consistent with that in the statement of comprehensive income. The consolidated profit before income tax of current period should be

consistent with the profit before income tax of reportable segments. Because the measured amounts of operating segments' assets and liabilities did not be provided to the chief operating decision maker, the disclosure of measured amounts of assets and liabilities were zero.

(3) Segment Information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

2022

	Home delivery service segment	Logistic business segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 3,162,793	\$ 1,346,913	\$ -	\$ 4,509,706
Total segment revenue	<u>\$ 3,162,793</u>	<u>\$ 1,346,913</u>	<u>\$ -</u>	<u>\$ 4,509,706</u>
Segment income (loss)	<u>\$ 138,306</u>	<u>\$ 77,901</u>	<u>\$ -</u>	<u>\$ 216,207</u>
Segment income (loss), including:				
Depreciation and amortisation	<u>\$ 176,839</u>	<u>\$ 135,933</u>	<u>\$ -</u>	<u>\$ 312,772</u>

These measured amounts were not included in the segment income (loss), however, they would be periodically provided to chief operating decision maker:

Income tax expenses (\$ 39,765)

2021

	Home delivery service segment	Logistic business segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 3,218,446	\$ 1,247,691	\$ -	\$ 4,466,137
Total segment revenue	<u>\$ 3,218,446</u>	<u>\$ 1,247,691</u>	<u>\$ -</u>	<u>\$ 4,466,137</u>
Segment income (loss)	<u>\$ 229,850</u>	<u>\$ 66,665</u>	<u>\$ -</u>	<u>\$ 296,515</u>
Segment income (loss), including:				
Depreciation and amortisation	<u>\$ 156,378</u>	<u>\$ 106,449</u>	<u>\$ -</u>	<u>\$ 262,827</u>

These measured amounts were not included in the segment income (loss), however, they would be periodically provided to chief operating decision maker:

Income tax expenses (\$ 56,014)

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. There were no reconciliations of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2022 and 2021.

(5) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	For the year ended December 31			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 4,483,137	\$ 1,978,986	\$ 4,447,248	\$ 1,852,588
Vietnam	26,569	-	18,889	-
Total	<u>\$ 4,509,706</u>	<u>\$ 1,978,986</u>	<u>\$ 4,466,137</u>	<u>\$ 1,852,588</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Revenue	Segment	Revenue	Segment
A	\$ 1,030,016	Home delivery service segment and logistic business segment	\$ 1,121,036	Home delivery service segment and logistic business segment

E. CPA-certified separate financial statement of the latest year

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Taiwan Pelican Express Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Taiwan Pelican Express Co., Ltd. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only 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 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 parent company only 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 the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Existence and occurrence in recognition of home delivery service revenue

Description

Refer to Note 4(24) for accounting policies applied on operating revenue, Note 6(16) for operating revenue.

For the year ended December 31, 2022, the Company's operating revenue was NT\$4,509,706 thousand. The Company's revenue is mainly comprised of home delivery revenue, logistic revenue and sales revenue. Besides, home delivery revenue is classified as service revenue. Due to the large amount of transactions and clients, spreading all around the country, we considered the service revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed and tested the effectiveness of internal control of the Company's sales and collection cycle.
2. Performed substantive test on samples of home delivery service revenue to confirm that the transactions actually occurred.
3. Performed confirmations on samples of the clients of home delivery service revenue to confirm that the transactions actually occurred.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 parent company only 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 parent company only 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the company 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 parent company only 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.

Chih, Ping-Chiun

Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

April 20, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Taiwan Pelican Express CO., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
Current assets			
1100	Cash and cash equivalents	6(1) \$ 826,407	\$ 901,782
1150	Notes receivable, net	6(4) 14,204	41,090
1160	Notes receivable - related parties	7 68,256	77,918
1170	Accounts receivable, net	6(4) 530,850	521,420
1180	Accounts receivable - related parties	7 109,740	109,436
1200	Other receivables	8,880	7,587
1210	Other receivables - related parties	7 83	240
130X	Inventories	6(5) 14,596	12,574
1410	Prepayments	28,275	24,532
1470	Other current assets	6(6) 218,126	148,490
11XX	Current Assets	<u>1,819,417</u>	<u>1,845,069</u>
Non-current assets			
1517	Total non-current financial assets at fair value through other comprehensive income	6(3) 654,476	1,193,403
1550	Investments accounted for under equity method	6(7) 6,459	8,079
1600	Property, plant and equipment	6(8) and 7 682,860	648,336
1755	Right-of-use assets	6(9) and 7 1,289,007	1,202,083
1780	Intangible assets	6(10) and 7 7,119	2,169
1840	Deferred income tax assets	6(25) 21,543	23,839
1920	Guarantee deposits paid	6(11) and 8 86,416	84,216
15XX	Non-current assets	<u>2,747,880</u>	<u>3,162,125</u>
1XXX	Total assets	<u>\$ 4,567,297</u>	<u>\$ 5,007,194</u>

(Continued)

Taiwan Pelican Express CO., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
Current liabilities				
2150	Notes payable		\$ 621	\$ 800
2160	Notes payable - related parties	7	1,486	93
2170	Accounts payable		367,755	351,036
2180	Accounts payable - related parties	7	743	1,102
2200	Other payables	6(12)	575,196	544,819
2220	Other payables - related parties	7	4,437	8,400
2230	Current income tax liabilities	6(25)	11,256	31,681
2280	Current lease liabilities	7	175,710	156,331
2300	Other current liabilities		27,524	18,533
21XX	Current Liabilities		<u>1,164,728</u>	<u>1,112,795</u>
Non-current liabilities				
2580	Non-current lease liabilities	7	1,173,108	1,099,785
2600	Other non-current liabilities	6(7)(13)	31,153	43,787
25XX	Non-current liabilities		<u>1,204,261</u>	<u>1,143,572</u>
2XXX	Total Liabilities		<u>2,368,989</u>	<u>2,256,367</u>
Equity				
	Share capital	6(14)		
3110	Share capital - common stock		954,670	954,670
	Capital surplus	6(15)		
3200	Capital surplus		300,082	300,082
	Retained earnings	6(16)		
3310	Legal reserve		156,054	132,798
3350	Unappropriated retained earnings		406,870	444,410
	Other equity interest	6(17)		
3400	Other equity interest		380,632	918,867
3XXX	Total equity		<u>2,198,308</u>	<u>2,750,827</u>
	Significant contingent liabilities and unrecognised contract commitments	9		
3X2X	Total liabilities and equity		<u>\$ 4,567,297</u>	<u>\$ 5,007,194</u>

The accompanying notes are an integral part of these parent company only financial statements.

Taiwan Pelican Express CO., Ltd.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31	
			2022	2021
			AMOUNT	AMOUNT
4000	Revenue	6(18) and 7	\$ 4,483,137	\$ 4,447,249
5000	Operating costs	6(5)(23)(24) and 7	(3,813,620)	(3,697,781)
5900	Net operating margin		669,517	749,468
	Operating expenses	6(23)(24) and 7		
6100	Selling expenses		(26,878)	(29,714)
6200	General & administrative expenses		(438,645)	(436,566)
6450	Expected credit impairment gains		329	1,126
6000	Total operating expenses		(465,194)	(465,154)
6900	Operating profit		204,323	284,314
	Non-operating income and expenses			
7100	Interest income	6(19)	4,376	2,670
7010	Other income	6(3)(20) and 7	29,724	28,149
7020	Other gains and losses	6(2)(21)	(3,094)	(2,762)
7050	Finance costs	6(9)(22) and 7	(18,974)	(16,077)
7070	Share of (loss) profit of associates and joint ventures accounted for using equity method, net	6(7)	(328)	209
7000	Total non-operating revenue and expenses		11,704	12,189
7900	Profit before income tax		216,027	296,503
7950	Income tax expense	6(25)	(39,585)	(56,002)
8200	Profit for the year		<u>\$ 176,442</u>	<u>\$ 240,501</u>
	Other comprehensive (loss) income	6(3)(13)(17)(25)		
	Components of other comprehensive income that will not be reclassified to profit or loss			
8311	Gains (losses) on remeasurements of defined benefit plans		\$ 12,193	(\$ 9,935)
8316	Unrealised (losses) gains from investment in equity instruments measured at fair value through other comprehensive income		(538,927)	705,535
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(2,438)	1,988
	Components of other comprehensive income that will be reclassified to profit or loss			
8361	Financial statements translation differences of foreign operations		865	385
8399	Income tax relating to the components of other comprehensive income		(173)	(78)
8300	Other comprehensive (loss) income for the year		<u>(\$ 528,480)</u>	<u>\$ 697,895</u>
8500	Total comprehensive (loss) income for the year		<u>(\$ 352,038)</u>	<u>\$ 938,396</u>
	Basic earnings per share	6(26)		
9750	Total basic earnings per share		<u>\$ 1.85</u>	<u>\$ 2.52</u>
	Diluted earnings per share	6(26)		
9850	Total diluted earnings per share		<u>\$ 1.85</u>	<u>\$ 2.52</u>

The accompanying notes are an integral part of these parent company only financial statements.

Taiwan Pelican Express CO., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Reserves			Retained Earnings		Other equity interest		Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Treasury stock transactions	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>Year ended December 31, 2021</u>									
Balance at January 1, 2021		\$ 954,670	\$ 300,031	\$ 51	\$ 112,255	\$ 404,240	(\$ 766)	\$ 213,791	\$ 1,984,272
Profit for the year		-	-	-	-	240,501	-	-	240,501
Other comprehensive (loss) income for the year	6(3)(13)(17)(25)	-	-	-	-	(7,947)	307	705,535	697,895
Total comprehensive income							307	705,535	938,396
Distribution of 2020 retained earnings									
Legal reserve		-	-	-	20,543	(20,543)	-	-	-
Cash dividends		-	-	-	-	(171,841)	-	-	(171,841)
Balance at December 31, 2021		\$ 954,670	\$ 300,031	\$ 51	\$ 132,798	\$ 444,410	(\$ 459)	\$ 919,326	\$ 2,750,827
<u>Year ended December 31, 2022</u>									
Balance at January 1, 2022		\$ 954,670	\$ 300,031	\$ 51	\$ 132,798	\$ 444,410	(\$ 459)	\$ 919,326	\$ 2,750,827
Profit for the year		-	-	-	-	176,442	-	-	176,442
Other comprehensive income (loss) for the year	6(3)(13)(17)(25)	-	-	-	-	9,755	692	(538,927)	(528,480)
Total comprehensive income		-	-	-	-	186,197	692	(538,927)	(352,038)
Distribution of 2020 retained earnings	6(16)								
Legal reserve		-	-	-	23,256	(23,256)	-	-	-
Cash dividends		-	-	-	-	(200,481)	-	-	(200,481)
Balance at December 31, 2022		\$ 954,670	\$ 300,031	\$ 51	\$ 156,054	\$ 406,870	\$ 233	\$ 380,399	\$ 2,198,308

The accompanying notes are an integral part of these parent company only financial statements.

Taiwan Pelican Express CO., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 216,027	\$ 296,503
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss	6(2)(21)	-	(271)
Expected credit impairment gain	12(3)	(329)	(1,126)
Provision for decline(increase) in market value and obsolescence of inventories		73	(44)
Deepreciation expense	6(8)(9)(23)	311,587	259,740
Amortization expense	6(10)(23)	1,185	3,087
Loss (gain) on disposal of property, plant and equipment	6(21)	716	(114)
NewItem	6(7)	328	(209)
Lease modification gain	6(21)	-	(25)
Interest expense	6(22)	18,974	16,077
Interest income	6(19)	(4,376)	(2,670)
Dividends income	6(20)	(17,302)	(14,078)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		26,885	(4,226)
Notes receivable-related parties		9,662	(14,605)
Accounts receivable		(9,100)	(246,006)
Accounts receivable-related parties		(304)	119,032
Other receivables		(1,336)	15,523
Other receivables-related parties		157	196
Inventories		(2,095)	(3,583)
Prepayments		(3,743)	(3,754)
Changes in operating liabilities			
Notes payable		179)	139
Notes payable-related parties		1,393	66
Accounts payable		16,719	71,967
Accounts payable - related parties		(359)	309
Other payables		(20,616)	16,988
Other payables-related parties		(3,963)	2,452
Other current liabilities		8,991	(941)
Net defined benefit liability		(21)	53
Cash inflow generated from operations		548,974	510,480
Interest received		4,419	2,706
Dividends received	6(20)	17,302	14,078
Income taxes paid		(60,326)	(58,775)
Interest paid		(37)	(37)
Net cash flows from operating activities		<u>510,332</u>	<u>468,452</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss	6(2)	-	(29,982)
Proceeds from disposal of financial assets at fair value through porfit or loss	6(2)	-	30,253
Acquisition of property, plan and equipment	6(27)	(168,238)	(112,715)
Acquisition of intangible assets	6(9)	(6,135)	(2,392)
Proceeds from disposal of property, plant and equipment	6(8)	607	749
NewItem	6(7)	2,239	-
Increase in refundable deposits		(2,200)	(6,431)
Net cash flows used in investing activities		<u>(173,727)</u>	<u>(120,518)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Cash dividends paid	6(16)	(200,481)	(171,841)
Payments of lease liabilities	6(28)	(210,998)	(165,881)
Decrease in deposit received	6(28)	(501)	-
Net cash flows used in financing activities		<u>(411,980)</u>	<u>(337,722)</u>
Net (decrease) increase in cash and cash equivalents		(75,375)	10,212
Cash and cash equivalents at beginning of year		901,782	891,570
Cash and cash equivalents at end of year		<u>\$ 826,407</u>	<u>\$ 901,782</u>

The accompanying notes are an integral part of these parent company only financial statements.

Taiwan Pelican Express CO., Ltd.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Taiwan Pelican Express Co., Ltd. (the “Company”) was incorporated under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in route-permitted truck transportation, home delivery and other professional logistic delivery services. TECO ELECTRIC & MACHINERY CO., LTD. directly and indirectly holds 32.15% equity interest in the Company. TECO ELECTRIC & MACHINERY CO., LTD. is the Company’s ultimate parent company. Starting from December 12, 2013, the Company’s stock was listed on Taiwan Stock Exchange.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were reported to the Board of Directors on February 23, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRSs 2018- 2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through other comprehensive income.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollar, which is the Company’s functional and the Company’s presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are

recognised and derecognised using trade date accounting.

- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognise the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets measured at fair value through other comprehensive income and accounts receivable that have a significant financial component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(12) Investments accounted for using equity method / associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized profit (loss) arising from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership
- E. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Transportation equipment	3 to 11 years
Office equipment	2 to 8 years
Machinery and equipment	15 years
Other equipment	3 to 10 years
Leasehold improvements	2 to 16 years

(14) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable;
 - (b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividend to be distributed and are reclassified to ordinary shares on the effective date of new shares issued.

(24) Revenue recognition

A. Service revenue

The Company provides home delivery and logistics services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

B. Sales revenue

(a) The Company sells a range of internet and catalog shopping, pre-order in convenient store and collective buying, services in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler. 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, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Related information of uncertainty from significant accounting judgement, estimates and assumptions were addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 269	\$ 1,906
Checking accounts and demand deposits	440,138	233,161
Time deposits	386,000	616,800
Bills sold under repurchase agreement	-	49,915
Total	<u>\$ 826,407</u>	<u>\$ 901,782</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	<u>\$ -</u>	<u>\$ 271</u>

(3) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 249,331	\$ 249,331
Unlisted stocks	24,746	24,746
Subtotal	<u>274,077</u>	<u>274,077</u>
Valuation adjustment	380,399	919,326
Total	<u>\$ 654,476</u>	<u>\$ 1,193,403</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$654,476 and \$1,193,403 as at December 31, 2022 and 2021, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 538,927)	\$ 705,535
Dividend income recognised in profit or loss		
Held at end of period	<u>\$ 17,302</u>	<u>\$ 12,721</u>

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets measured at fair value through other comprehensive income held by the Company was \$654,476 and \$1,193,403 respectively.

D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 14,234	\$ 41,119
Less: Allowance for bad debt	(30)	(29)
	<u>\$ 14,204</u>	<u>\$ 41,090</u>
Accounts receivable	\$ 538,427	\$ 531,608
Less: Allowance for bad debt	(7,577)	(10,188)
	<u>\$ 530,850</u>	<u>\$ 521,420</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	<u>\$ 13,768</u>	<u>\$ 504,348</u>	<u>\$ 40,646</u>	<u>\$ 496,081</u>
Past due				
Up to 30 days	436	24,653	444	22,910
31 to 90 days	-	1,513	-	2,245
Over 91 days	-	<u>336</u>	-	<u>184</u>
Subtotal	<u>436</u>	<u>26,502</u>	<u>444</u>	<u>25,339</u>
Total	<u>\$ 14,204</u>	<u>\$ 530,850</u>	<u>\$ 41,090</u>	<u>\$ 521,420</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$311,152.
- C. The Company has no notes and accounts receivable pledged to others.
- D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was \$14,240 and \$41,090, \$530,850 and \$521,420, respectively.
- E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(3).

(5) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Carrying amount</u>
Merchandise inventory	<u>\$ 15,051</u>	<u>(\$ 455)</u>	<u>\$ 14,596</u>
	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Carrying amount</u>
Merchandise inventory	<u>\$ 12,956</u>	<u>(\$ 382)</u>	<u>\$ 12,574</u>

The cost of inventories recognised as expense for the year:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Cost of goods sold	<u>\$ 248,414</u>	<u>\$ 197,217</u>
Loss (gain from reversal) on decline in market value	<u>73</u>	<u>(44)</u>
	<u>\$ 248,487</u>	<u>\$ 197,173</u>

For the year ended December 31, 2021, the Company reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because the clearance of storage.

(6) Other current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other financial assets	<u>\$ 218,126</u>	<u>\$ 148,490</u>

Aforementioned other financial assets were proceeds received on behalf of and should be paid to others from home delivery services.

(7) Investments accounted for using equity method

	<u>2022</u>	<u>2021</u>
At January 1	\$ 8,079	\$ 7,485
Proceeds from capital reduction of investment accounted for using equity method	(2,239)	-
Share of profit or loss of investments accounted for using equity method	(328)	209
Changes in other equity items (Note 6(17))	865	385
Credit balance of investment accounted for using equity method	<u>82</u>	<u>-</u>
At December 31	<u>\$ 6,459</u>	<u>\$ 8,079</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries		
Pelecanus Express (Vietnam) Co.,	\$ 6,459	\$ 5,822
Pelecanus Express Ptd. Ltd.	(82)	<u>2,257</u>
	6,377	8,079
Plus: Pelecanus Express Ptd. Ltd. credit balance (shown as noncurrent liabilities)	<u>82</u>	<u>-</u>
	<u>\$ 6,459</u>	<u>\$ 8,079</u>

For information about the subsidiaries of the Company please refer to Note 4 (3) of the consolidated financial statement.

(8) Property, plant and equipment

	Transportation equipment	Office equipment	Machinery and equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1, 2022							
Cost	\$ 1,104,737	\$ 217,445	\$ 134,022	\$ 83,513	\$ 124,492	\$ 10,240	\$ 1,674,449
Accumulated depreciation and impairment	(633,641)	(193,333)	(33,122)	(61,436)	(104,581)	-	(1,026,113)
	<u>\$ 471,096</u>	<u>\$ 24,112</u>	<u>\$ 100,900</u>	<u>\$ 22,077</u>	<u>\$ 19,911</u>	<u>\$ 10,240</u>	<u>\$ 648,336</u>
2022							
At January 1	\$ 471,096	\$ 24,112	\$ 100,900	\$ 22,077	\$ 19,911	\$ 10,240	\$ 648,336
Additions	106,766	8,019	-	8,447	9,985	16,378	149,595
Disposal - cost	(44,557)	(1,120)	-	(5,298)	-	-	(50,975)
Disposal - Accumulated depreciation and impairment	43,348	1,006	-	5,298	-	-	49,652
Depreciation charge	(75,094)	(9,471)	(8,953)	(10,933)	(9,297)	-	(113,748)
Reclassifications	<u>10,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,240)</u>	<u>-</u>
At December 31	<u>\$ 511,799</u>	<u>\$ 22,546</u>	<u>\$ 91,947</u>	<u>\$ 19,591</u>	<u>\$ 20,599</u>	<u>\$ 16,378</u>	<u>\$ 682,860</u>
At December 31, 2022							
Cost	\$ 1,177,186	\$ 224,344	\$ 134,022	\$ 86,662	\$ 134,477	\$ 16,378	\$ 1,773,069
Accumulated depreciation and impairment	(665,387)	(201,798)	(42,075)	(67,071)	(113,878)	-	(1,090,209)
	<u>\$ 511,799</u>	<u>\$ 22,546</u>	<u>\$ 91,947</u>	<u>\$ 19,591</u>	<u>\$ 20,599</u>	<u>\$ 16,378</u>	<u>\$ 682,860</u>

	Transportation equipment	Office equipment	Machinery and equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1, 2021							
Cost	\$ 1,034,730	\$ 210,334	\$ 133,532	\$ 80,445	\$ 116,363	\$ -	\$ 1,575,402
Accumulated depreciation and impairment	(597,448)	(183,515)	(24,192)	(54,327)	(95,816)	-	(955,297)
	<u>\$ 437,281</u>	<u>\$ 26,819</u>	<u>\$ 109,340</u>	<u>\$ 26,118</u>	<u>\$ 20,547</u>	<u>\$ -</u>	<u>\$ 620,105</u>
2021							
At January 1	\$ 437,281	\$ 26,819	\$ 109,340	\$ 26,118	\$ 20,547	\$ -	\$ 620,105
Additions	102,528	9,845	490	6,763	8,129	10,240	137,995
Disposal - cost	(29,619)	(2,734)	-	(3,695)	-	-	(36,047)
Disposal - Accumulated depreciation and impairment	29,184	2,727	-	3,502	-	-	35,412
Depreciation charge	(65,377)	(12,545)	(8,930)	(10,611)	(8,765)	-	(106,228)
Reclassifications	(2,901)	-	-	-	-	-	(2,901)
At December 31	<u>\$ 471,096</u>	<u>\$ 24,112</u>	<u>\$ 100,900</u>	<u>\$ 22,077</u>	<u>\$ 19,911</u>	<u>\$ 10,240</u>	<u>\$ 648,336</u>
At December 31, 2021							
Cost	\$ 1,104,737	\$ 217,445	\$ 134,022	\$ 83,513	\$ 124,492	\$ 10,240	\$ 1,674,449
Accumulated depreciation and impairment	(\$ 633,641)	(\$ 193,333)	(\$ 33,122)	(\$ 61,436)	(\$ 104,581)	-	(\$ 1,026,113)
	<u>\$ 471,096</u>	<u>\$ 24,112</u>	<u>\$ 100,900</u>	<u>\$ 22,077</u>	<u>\$ 19,911</u>	<u>\$ 10,240</u>	<u>\$ 648,336</u>

Each of aforementioned assets was for self-use.

(9) Lease transactions – lessee

- A. The Company leases buildings. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes, lease, transfer or provided to others.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 1,289,007</u>	<u>\$ 1,202,083</u>
	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 197,839</u>	<u>\$ 153,512</u>

- C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$284,763 and \$442,162, respectively.
- D. Information on profit or loss in relation to lease contracts is as follows:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 18,937	\$ 16,040
Expense on short-term lease contracts	141,811	154,263
Expense on leases of low-value assets	12,704	10,167
Expense on variable lease payments	1,654	1,563
Gain or loss on lease modification	-	25

- E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$367,021 and \$332,005 respectively.
- F. Extension and termination options
- (a) Extension or termination options are included in some of the Company's lease contracts pertaining to buildings. These terms and conditions aim to maximise optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.
- (c) Based on the assessment on whether to exercise the extension option, an increase in the right-of-use assets and lease liabilities of \$20,234 and \$80,536 was recognised as at December 31, 2022 and 2021, respectively.

G. The Company has applied the practical expedient to “Covid-19-related rent concessions”, and recognised the gain from changes in lease payments arising from the rent concessions as other income amounting to \$388 and \$1,419 for the years ended December 31, 2022 and 2021.

(10) Intangible assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Computer software		
Cost	\$ 37,527	\$ 31,392
Accumulated amortisation	(30,408)	(29,223)
	<u>\$ 7,119</u>	<u>\$ 2,169</u>
	<u>For the year ended</u> <u>December 31, 2022</u>	<u>For the year ended</u> <u>December 31, 2021</u>
At January 1	\$ 2,169	\$ 2,864
Additions – acquired separately	6,135	2,392
Amortisation charge	(1,185)	(3,087)
At December 31	<u>\$ 7,119</u>	<u>\$ 2,169</u>

Details of amortisation on intangible assets are as follows:

	<u>For the year ended</u> <u>December 31, 2022</u>	<u>For the year ended</u> <u>December 31, 2021</u>
Operating costs	\$ 1,000	\$ 2,472
Administrative expenses	185	615
	<u>\$ 1,185</u>	<u>\$ 3,087</u>

(11) Other non-current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Guarantee deposits paid	<u>\$ 86,416</u>	<u>\$ 84,216</u>

Information relating to pledged assets is provided in Note8.

(12) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wages and salaries payable	\$ 213,510	\$ 245,294
Collection of sales on behalf of others	218,126	148,490
Labour and health insurance fees payable	23,022	23,834
Business tax payable	14,117	11,745
Payable on machinery and equipment	22,120	40,670
Others	<u>84,301</u>	<u>74,786</u>
	<u>\$ 575,196</u>	<u>\$ 544,819</u>

Aforementioned collection of sales on behalf of others were proceeds received on behalf of and should be paid to others from home delivery services.

(13) Pensions

A. (a) The Company have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 46,922	\$ 59,568
Fair value of plan assets	(21,074)	(21,506)
Net defined benefit liability	<u>\$ 25,848</u>	<u>\$ 38,062</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>2022</u>		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 59,568	(\$ 21,506)	\$ 38,062
Current service cost	96	-	96
Interest expense (income)	440	(157)	283
	<u>60,104</u>	<u>(21,663)</u>	<u>38,441</u>
Remeasurements:			
Returns on plan assets	-	(1,707)	(1,707)
Change in demographic assumptions	-	-	-
Change in financial assumptions	(3,888)	-	(3,888)
Experience adjustments	(6,598)	-	(6,598)
	<u>(10,486)</u>	<u>(1,707)</u>	<u>(12,193)</u>
Pension fund contribution	-	(400)	(400)
Paid pension	(2,696)	2,696	-
At December 31	<u>\$ 46,922</u>	<u>(\$ 21,074)</u>	<u>\$ 25,848</u>

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 50,422	(\$ 22,348)	\$ 28,074
Current service cost	86	-	86
Interest expense (income)	247	(106)	141
	<u>50,755</u>	<u>(22,454)</u>	<u>28,301</u>
Remeasurements:			
Returns on plan assets	-	(293)	(293)
Change in demographic assumptions	4,361	-	4,361
Change in financial assumptions	(1,533)	-	(1,533)
Experience adjustments	7,400	-	7,400
	<u>10,228</u>	<u>(293)</u>	<u>9,935</u>
Pension fund contribution	-	(174)	(174)
Paid pension	(1,415)	1,415	-
At December 31	<u>\$ 59,568</u>	<u>(\$ 21,506)</u>	<u>\$ 38,062</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Discount rate	<u>1.60%</u>	<u>0.75%</u>
Future salary increases	<u>0.50%</u>	<u>0.50%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ <u>1,061</u>)	<u>\$ 1,096</u>	<u>\$ 1,108</u>	(\$ <u>722</u>)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ <u>1,480</u>)	<u>\$ 1,532</u>	<u>\$ 1,534</u>	(\$ <u>1,046</u>)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period. Additionally, the Company's future salary increases would not have significantly possible changes and affected defined pension obligations.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to \$402.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 9.3 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	1,420
1 to 2 years		1,702
2 to 5 years		10,335
Over 5 years		<u>15,783</u>
	<u>\$</u>	<u>29,240</u>

B. (a) Effective July 1, 2005, the Company have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were \$72,095 and \$69,726, respectively.

(14) Share capital

As of December 31, 2022, the Company’s authorised capital was \$1,000,000, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was \$954,670 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall be distributed according to following regulations:

- (a) Payment of taxes.
- (b) Offset accumulated deficit.
- (c) Set aside 10% as legal reserve.
- (d) Special reserve was set aside or reversed in accordance with the authority. The appropriation of the remainder along with the unappropriated earnings in prior years, shall be proposed by the Board of Directors and be resolved by the shareholders’ meeting.
- (e) In consideration of possible expansion of operation and investment, the earnings distributed to the shareholders each year will basically be in an amount equal to 50% of the earnings received in the period combined with the retained earnings from the previous year, net of the legal reserve and special earning reserve. Basically 50% but not less than 5% of the earnings distributed to the shareholders shall be distributed in cash.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their

share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriation of 2022 earnings as approved by the Board of Directors on February 23, 2023 and the appropriation of 2021 earnings as resolved by the shareholders' meeting on May 27, 2022 are as follows:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 18,620		\$ 23,256	
Cash dividends	<u>143,201</u>	\$ 1.5	<u>200,481</u>	\$ 2.1
Total	<u>\$161,821</u>		<u>\$223,737</u>	

(17) Other equity items

	Year ended December 31, 2022		
	Unrealised gains (losses) on valuation	Foreign currency translation	Total
At January 1	\$ 919,326	(\$ 459)	\$ 918,867
Valuation adjustment	(538,927)	-	(538,927)
Currency translation differences:			
-Group	-	865	865
-Tax on Group	-	(173)	(173)
At December 31	<u>\$ 380,399</u>	<u>\$ 233</u>	<u>\$ 380,632</u>
	Year ended December 31, 2021		
	Unrealised gains (losses) on valuation	Foreign currency translation	Total
At January 1	\$ 213,791	(\$ 766)	\$ 213,025
Valuation adjustment	705,535	-	705,535
Currency translation differences:			
-Group	-	385	385
-Tax on Group	-	(78)	(78)
At December 31	<u>\$ 919,326</u>	<u>(\$ 459)</u>	<u>\$ 918,867</u>

(18) Operating revenue

	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue from contracts with customers	\$ 4,483,137	\$ 4,447,249

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major categories:

<u>For the year ended December 31, 2022</u>	<u>Services</u>	<u>Sales of goods</u>	<u>Total</u>
Revenue from external customer contracts	\$ 4,202,259	\$ 280,878	\$ 4,483,137
Timing of revenue recognition			
At a point in time	\$ -	\$ 280,878	\$ 280,878
Over time	\$ 4,202,259	\$ -	\$ 4,202,259
<u>For the year ended December 31, 2021</u>	<u>Services</u>	<u>Sales of goods</u>	<u>Total</u>
Revenue from external customer contracts	\$ 4,221,852	\$ 225,397	\$ 4,447,249
Timing of revenue recognition			
At a point in time	\$ -	\$ 225,397	\$ 225,397
Over time	\$ 4,221,852	\$ -	\$ 4,221,852

(19) Interest income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest income from bank deposits	\$ 4,212	\$ 2,417
Other interest income	164	253
	\$ 4,376	\$ 2,670

(20) Other income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Dividend income	\$ 17,302	\$ 14,078
Rental income	29	279
Other income, others	12,393	13,792
	\$ 29,724	\$ 28,149

(21) Other gains and losses

	For the year ended December 31, 2022	For the year ended December 31, 2021
(Losses) gains on disposal of property, plant and equipment	(\$ 716)	\$ 114
Gains arising from lease modifications	-	25
Net currency exchange (losses) gains	(27)	6
Gains on financial assets at fair value through profit or loss	-	271
Other losses	(2,351)	(3,178)
	<u>(\$ 3,094)</u>	<u>(\$ 2,762)</u>

(22) Finance costs

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest expenses - lease liability	\$ 18,937	\$ 16,040
Interest expenses - others	37	37
	<u>\$ 18,974</u>	<u>\$ 16,077</u>

(23) Expenses by nature

	For the year ended December 31, 2022	For the year ended December 31, 2021
Employee benefit expense	\$ 1,511,760	\$ 1,565,727
Depreciation charges on right-of-use	197,839	153,512
Depreciation charges on property, plant and equipment	113,748	106,228
Amortisation charges on intangible assets	1,185	3,087

(24) Employee benefit expense

	For the year ended December 31, 2022	For the year ended December 31, 2021
Wages and salaries	\$ 1,243,998	\$ 1,295,310
Labour and health insurance fees	140,966	143,242
Pension costs	72,474	69,953
Other personnel expenses	54,322	57,222
	<u>\$ 1,511,760</u>	<u>\$ 1,565,727</u>

A. In accordance with the Articles of Incorporation of the Company, the current year's earnings, if any, shall appropriate a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and director's remuneration. The ratios for employees' compensation and directors' remuneration should be 0.5%~0.15% and 3%, respectively. However, if the Company has accumulated deficit, the current year's earnings shall first be reserved to cover the deficit.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at

\$2,250 and \$3,089, respectively; while directors' remuneration was accrued at \$6,751 and \$9,266, respectively. The aforementioned amounts were recognised in salary expenses.

- C. For the year ended December 31, 2022, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 1% and 3% of distributable profit of current year as of the end of reporting period.
- D. Employees' compensation and directors' and supervisors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.
- E. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expenses

(a) Components of income tax expense:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Current tax:		
Current tax on profits for the year	\$ 39,812	\$ 56,605
Prior year income tax underestimation	88	187
Total current tax	<u>39,900</u>	<u>56,792</u>
Deferred tax:		
Origination and reversal of temporary differences	(315)	(778)
Total deferred tax	<u>(315)</u>	<u>(778)</u>
Income tax expenses	<u>\$ 39,585</u>	<u>\$ 56,014</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Currency translation differences	<u>\$ 173</u>	<u>(\$ 78)</u>
Remeasurement of defined benefit obligations	<u>\$ 2,438</u>	<u>\$ 1,988</u>

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2022	For the year ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	\$ 43,205	\$ 59,301
Effect from items disallowed by tax regulation	(3,708)	(3,486)
Prior year income tax overestimation	88	187
Income tax expenses	<u>\$ 39,585</u>	<u>\$ 56,002</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

'For the year ended December 31, 2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
-Deferred income tax assets:				
-Temporary differences:				
Amount of allowance for uncollectible accounts that exceed the limit for tax purpose	\$ 210	\$ -	\$ -	\$ 210
Remeasurement of defined benefit obligations	6,725	-	(2,438)	4,287
Unrealised expenses	11,183	285	-	11,468
Share of profit or loss accounted for using equity method	5,607	30	-	5,637
Currency translation differences	114	-	(173)	(59)
Total	<u>\$ 23,839</u>	<u>\$ 315</u>	<u>(\$ 2,611)</u>	<u>\$ 21,543</u>

For the year ended December 31, 2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
-Deferred income tax assets:				
-Temporary differences:				
Amount of allowance for uncollectible accounts that exceed the limit for tax purpose	\$ 210	\$ -	\$ -	\$ 210
Remeasurement of defined benefit obligations	4,737	-	1,988	6,725
Unrealised expenses	10,405	778	-	11,183
Share of profit or loss accounted for using equity method	5,607	-	-	5,607
Currency translation differences	192	-	(78)	114
Total	<u>\$ 21,151</u>	<u>\$ 778</u>	<u>\$ 1,910</u>	<u>\$ 23,839</u>

D. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	For the year ended December 31, 2022		
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
	<u>Amount after tax</u>		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 176,442	95,467	\$ 1.85
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 176,442	95,467	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	45	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 176,442	95,512	\$ 1.85

For the year ended December 31, 2021

	<u>Amount after tax</u>	<u>number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 240,501	95,467	\$ 2.52
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 240,501	95,467	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	43	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 240,501</u>	<u>95,510</u>	<u>\$ 2.52</u>

(27) Supplemental cash flow information

Investing activities with partial cash payments

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Purchase of property, plant and equipment	\$ 149,595	\$ 137,995
Add: Opening balance of payable on equipment (including related parties)	40,763	15,483
Less: Ending balance of payable on equipment (including related parties)	(22,120)	(40,763)
Cash paid during the year	<u>\$ 168,238</u>	<u>\$ 112,715</u>

Refer to Note 7 for equipment payables in relation to property purchase transactions with related parties.

(28) Changes in liabilities from financing activities

	For the year ended December 31, 2022		
	<u>Lease liability</u>	<u>Deposits received</u>	<u>Liabilities from financing activities-gross</u>
January 1	\$ 1,256,116	\$ 5,718	\$ 1,261,834
Additions	284,763	-	284,763
Interest on lease liabilities	18,937	-	18,937
Payments of lease liabilities	(210,998)	-	(210,998)
Decreases	-	(501)	(501)
December 31	<u>\$ 1,348,818</u>	<u>\$ 5,217</u>	<u>\$ 1,354,035</u>

	For the year ended December 31, 2021		
	<u>Lease liability</u>	<u>Deposits received</u>	<u>Liabilities from financing activities-gross</u>
January 1	\$ 965,688	\$ 5,718	\$ 971,406
Additions	442,162	-	442,162
Interest on lease liabilities	16,040	-	16,040
Payments of lease liabilities	(165,881)	-	(165,881)
Decreases	(\$ 1,893)	-	(\$ 1,893)
December 31	<u>\$ 1,256,116</u>	<u>\$ 5,718</u>	<u>\$ 1,261,834</u>

7. Related Party Transactions

(1) Parent and ultimate controlling party

TECO ELECTRIC & MACHINERY CO., LTD. (incorporated in R.O.C.) was the Company's ultimate parent company which directly and indirectly held 32.15% of equity interests in the Company.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
TECO ELECTRIC & MACHINERY CO., LTD. (TECO Electric & Machinery)	Ultimate parent
Momo.com Inc. (Note 1)	Entities with significant influence over the Group
Fubon Gehua (Beijing) Enterprise Co., Ltd. (Note 1)	Entities with significant influence over the Group
Information Technology Total Services Corp. (Information Technology)	Associate of parent company
Tong-An Assets Management & Development Co., Ltd. (Tong-An Assets)	Associate of parent company
E-Joy International Co., Ltd. (E-Joy)	Associate of parent company
A-Ok Technical Co., Ltd. (A-Ok)	Associate of parent company
Tesen Electric & Machinery CO., LTD.	Associate of parent company
TECO Electro Devices Co., Ltd. (TECO Electro)	Associate of parent company
Tecnos International Consultant Co., Ltd. (TECNOS)	Associate of parent company
Taian-Etacom Technology CO., LTD.	Associate of parent company
Teco Smart Technologies Co., Ltd. (Note 2)	Associate of parent company
Yatec Engineering Corporation (Yatec)	Associate of parent company
Jie Zheng Property Service & Management Co., Ltd. (Jie Zheng)	Associate of parent company
An-shin Food Service Co., Ltd. (An-shin)	Associate of parent company
Royal Host Taiwan Co., Ltd. (Royal Host)	Associate of parent company
Tecom Co., Ltd. (Tecom)	Associate of parent company
Fujio Food System Taiwan Co., Ltd. (Fujio Food)	Associate of parent company
Tong Dai Co., Ltd.	Associate of parent company
Teco (Vietnam) Electric & Machinery Co., Ltd.	Associate of parent company
CREATIVE SENSOR INC.	Associate of parent company
Centurytech Construction and Management Corp.	Associate of parent company
YUBAN & COMPANY (YUBAN)	Associate of parent company

Note 1: Not a related parties started from March 2021.

Note 2: TECO ELECTRIC & MACHINERY CO., LTD. was approved by the board of directors on August 12, 2022 for a short-form merger with its subsidiary Teco Smart Technologies Co., Ltd., TECO ELECTRIC & MACHINERY CO., LTD. is the surviving company, and Teco Smart Technologies Co., Ltd. is the dissolved company.

(3) Significant related party transactions

A. Sales of goods and services

	For the year ended December 31, 2022	For the year ended December 31, 2021
Operating revenue:		
Ultimate parent	\$ 349,918	\$ 339,941
Entities with significant influence to the Group		
Momo.com Inc.	-	165,157
Associate of parent company		
An-shin	235,465	183,006
Others	<u>37,656</u>	<u>38,394</u>
Total	<u>\$ 623,039</u>	<u>\$ 726,498</u>

Goods and services are sold based on the price lists in force and terms that would be available to third parties.

B. Purchase of services and other expenses

	For the year ended December 31, 2022	For the year ended December 31, 2021
Service expenses:		
Ultimate parent	\$ 9,579	\$ 3,344
Associate of parent company	19,190	20,867
Rent expense:		
Ultimate parent	8,156	6,636
Associate of parent company		
Tong-An Assets	30,246	40,439
Others	119	100
Other expenses:		
Ultimate parent	5,455	6,623
Entities with significant influence over the Group	-	288
Associate of parent company	<u>19,304</u>	<u>18,728</u>
Total	<u>\$ 92,049</u>	<u>\$ 97,025</u>

(a) Service expenses were arisen from labor dispatch and commissioned customer services, etc., and the payment period was based on mutual agreement.

(b) Rent expenses were referred to market, and the payment period was based on mutual agreement.

(c) Other expenses were information technology expenses, repairs and maintenance expense and miscellaneous purchases, etc., and the payment period was based on mutual agreement.

C. Other income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Dividend income:		
Ultimate parent	\$ 9,545	\$ 8,131
Associate of parent company	-	1,357
Total	<u>\$ 9,545</u>	<u>\$ 9,488</u>

D. Receivables from related parties:

	December 31, 2022	December 31, 2021
Notes receivable:		
Ultimate parent	\$ 64,712	\$ 76,417
Associate of parent company	<u>3,544</u>	<u>1,501</u>
Subtotal	<u>68,256</u>	<u>77,918</u>
Accounts receivable:		
Ultimate parent	36,868	48,279
Associate of parent company		
An-shin	66,776	53,554
Others	<u>6,096</u>	<u>7,603</u>
Subtotal	<u>109,740</u>	<u>109,436</u>
Other receivables - other (including payment on behalf of others)		
Ultimate parent	7	113
Associate of parent company	<u>76</u>	<u>127</u>
Subtotal	<u>83</u>	<u>240</u>
Total	<u>\$ 178,079</u>	<u>\$ 187,594</u>

Receivables from related parties arose from home delivery and logistic services. The receivables were due in 60 days after monthly billings. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

E. Payables to related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes payable:		
Ultimate parent	\$ 728	\$ -
Associate of parent company	<u>758</u>	<u>93</u>
Subtotal	<u>1,486</u>	<u>93</u>
Accounts payable:		
Ultimate parent	465	811
Associate of parent company	<u>278</u>	<u>291</u>
Subtotal	<u>743</u>	<u>1,102</u>
Other payables — acquisition of property, plant and equipment:		
Associate of parent company	-	93
Other payables-others:		
Ultimate parent	3,004	3,564
Associate of parent company	<u>1,433</u>	<u>4,743</u>
Subtotal	<u>4,437</u>	<u>8,400</u>
Total	<u>\$ 5,938</u>	<u>\$ 9,595</u>

Payables to related parties mainly arose from property transactions, commissioned customer services, home delivery service, and proceeds from receipts on behalf of others and payables were generated from purchase of goods and services due to manage home delivery services. The payment period was 30 days after purchasing goods and services and monthly billings, and that payables bear no interest.

G. Property transactions

(a) Acquisition of property, plant and equipment:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Ultimate parent	\$ -	\$ 4,293
Associate of parent company	<u>114</u>	<u>196</u>
Total	<u>\$ 114</u>	<u>\$ 4,489</u>

(g) Acquisition of intangible assets:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Associate of parent company	<u>\$ -</u>	<u>\$ 487</u>

(b) Acquisition of right-of-use assets:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Associate of parent company	<u>\$ 45,265</u>	<u>\$ -</u>

F. Lease transactions — lessee

The Company lease office and service points from related parties, and the lease period was 2 to 5 years, 12 months as one period for the rent. The Company issued 12 checks for 12 months at the first date of every period, and checks would be paid when on the due date every months.

(a) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associate of parent company		
Tong-An Assets	\$ 33,949	\$ -

(b) Lease liability

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associate of parent company		
Tong-An Assets	\$ 34,072	\$ -

(c) Interest expense

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Associate of parent company		
Tong-An Assets	\$ 36	\$ 6

(4) Key management compensation

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Salaries and other short-term employee benefits	\$ 16,484	\$ 19,291
Post-employment benefits	3,200	269
Total	<u>19,684</u>	<u>19,560</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Other non-current assets - guarantee deposits paid	\$ 59,793	\$ 65,322	Note

Note: It was the Company's collateral for performance guarantee.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	\$ 4,198	\$ -
Intangible assets	<u>7,634</u>	<u>8,996</u>
Total	<u>\$ 11,832</u>	<u>\$ 8,996</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Responsive action to COVID-19

Due to the effects from Covid-19 outbreak and the epidemic prevention measures which were promoted by the government, the Company had assessed that there were no significant effects on operation and caused decreases in 2022 operating revenue. Additionally, the Company's ability to continue as a going concern was assessed to have no doubts, assets were not impaired, and financing risk did not increase. The Company's management of reaction to the pandemic had followed related measures of Central Epidemic Command Center and regulations of Communicable Disease Control Act in relation to epidemic prevention . Additionally, please refer to Note 6(8) for information of the effects on profit or losses from rent concessions due to the business in Taoyuan International Airport.

(2) Capital management

The Company's objectives were based on the Company's environment, growth stage, capital requirement of significant investment plan in the future and long-term financial plan when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(3) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Investments designated as equity instrument	\$ 654,476	\$ 1,193,403
Financial assets at amortised cost		
Cash and cash equivalents	826,407	901,782
Notes receivable (including related parties)	82,460	119,008
Accounts receivable (including related parties)	640,590	630,856
Other receivables (including related parties)	8,963	7,827
Guarantee deposits paid	86,416	84,216
	<u>\$ 1,644,836</u>	<u>\$ 1,743,689</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable (including related parties)	\$ 2,107	\$ 893
Accounts payable (including related parties)	368,498	352,138
Other payables (including related parties)	579,633	553,219
	<u>\$ 950,238</u>	<u>\$ 906,250</u>
Lease liability	<u>\$ 1,348,818</u>	<u>\$ 1,256,116</u>

B. Financial risk management policies

Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange rate risk arising from the transactions of the Company used in various functional currency. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

				December 31, 2022		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	(Carrying amount (New Taiwan dollar))	
<u>Financial assets</u>						
<u>Non-monetary items</u>						
Investments accounted for under the equity method						
USD:NTD	(3)	30.71	(82)		
VND:NTD	5,026,735	0.00129		6,459		
December 31, 2021						
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	(Carrying amount (New Taiwan dollar))	
<u>Financial assets</u>						
<u>Non-monetary items</u>						
Investments accounted for under the equity method						
USD:NTD	82	27.68		2,527		
VND:NTD	4,872,407	0.00120		5,822		

iii. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to (\$27) and \$6, respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

(Foreign currency: functional currency)	For the year ended 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	comprehensive income
<u>Financial assets</u>			
<u>Non-monetary items</u>			
Investments accounted for under the equity method			
USD:NTD	1%	(\$ 1)	\$ -
VND:NTD	1%	65	-
For the year ended December 31, 2021			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	comprehensive income
<u>Financial assets</u>			
<u>Non-monetary items</u>			
Investments accounted for under the equity method			
USD:NTD	1%	\$ 23	\$ -
USD:VND	1%	58	-

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, loss or profit for the years ended December 31, 2022 and 2021 would have increased/decreased \$32,724 and \$59,670, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

None.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only institutions with good goodwill and without significant default records in latest period are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Company classifies customer's accounts receivable and rents receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.
- v. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix, loss rate methodology is as follows:

December 31, 2022	Not past due	Past due			Total
		Up to 30 days	31 to 90 days	Over 91 days	
Expected loss rate	0.11%~1%	1%~2%	1%~5%	1%~100%	
Total book value	\$ 505,006	\$ 25,163	\$ 1,592	\$ 6,666	\$ 538,427
Loss allowance	(\$ 658)	(\$ 510)	(\$ 79)	(\$ 6,330)	(\$ 7,577)

December 31, 2021	Not past due	Past due			Total
		Up to 30 days	31 to 90 days	Over 91 days	
Expected loss rate	0.11%~1%	1%~2%	1%~5%	1%~100%	
Total book value	\$ 496,748	\$ 23,377	\$ 2,357	\$ 9,126	\$ 531,608
Loss allowance	(\$ 667)	(\$ 467)	(\$ 112)	(\$ 8,942)	(\$ 10,188)

vi. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable and notes receivable are as follows:

	For the year ended December 31, 2022	
	Accounts receivable	Notes receivable
Opening net book amount as at January 1	\$ 10,188	\$ 29
Provision for impairment	-	1
Reversal of impairment loss	(330)	-
Write-offs	(2,281)	-
Closing net book amount as at December 31	<u>\$ 7,577</u>	<u>\$ 30</u>
	For the year ended December 31, 2021	
	Accounts receivable	Notes receivable
Opening net book amount as at January 1	\$ 11,379	\$ 16
Provision for impairment	-	13
Reversal of impairment loss	(1,139)	-
Write-offs	(66)	-
Collection of write-offs of prior years	14	-
Closing net book amount as at December 31	<u>\$ 10,188</u>	<u>\$ 29</u>

(c) Liquidity risk

- i. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2022 and 2021 the Company held money market position of \$826,407 and \$901,782, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Notes payable (including related parties)	\$ 2,047	\$ 60	\$ -	\$ -	\$ -	\$ 2,107
Accounts payable (including related parties)	\$ 362,142	\$ 6,356	\$ -	\$ -	\$ -	\$ 368,498
Other payables (including related parties)	\$ 511,138	\$ 68,495	\$ -	\$ -	\$ -	\$ 579,633
Lease liabilities (including related parties)	\$ 49,737	\$ 143,499	\$ 163,950	\$ 359,754	\$ 737,344	\$ 1,454,284

Non-derivative financial liabilities:

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Notes payable (including related parties)	\$ 835	\$ 58	\$ -	\$ -	\$ -	\$ 893
Accounts payable (including related parties)	\$ 319,161	\$ 32,977	-	-	-	\$ 352,138
Other payables (including related parties)	\$ 444,288	\$ 108,931	-	-	-	\$ 553,219
Lease liabilities (including related parties)	\$ 48,448	\$ 137,063	\$ 131,114	\$ 331,027	\$ 757,131	\$ 1,404,783

(4) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investments in listed stocks were included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), notes payable (including related parties), accounts payable (including related parties) and other payables (including related parties), lease liabilities approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 654,476	\$ -	\$ -	\$ 654,476
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 1,193,403	\$ -	\$ -	\$ 1,193,403

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. For the instruments the Company used market quoted prices as their fair values (that is, Level 1), the Company uses the closing price as market quoted prices.

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- iv. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

F. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

The names, numbers holding and proportions of shareholders who held above 5% of ownership in the Company: Please refer to table 6.

14. Operating segment information

Not applicable.

F. Situation of insolvency of the company and affiliates in the latest year and as of the printing of the financial report: nil

VII. Review and analysis of financial status and operating performance

A. Financial status

Table of comparison and analysis of financial status

Unit: NT\$1,000

Item \ Year	2022	2021	Increased (decreased) value	Rate of change %	Explanation
Liquid assets	1,829,560	1,856,384	(26,824)	1.44	
Financial assets measured at fair value through other comprehensive income-non-liquid	654,476	1,193,403	(538,927)	45.16	Note 1
Property, plant, and equipment	682,860	648,336	34,524	5.33	
Usage-right assets	1,289,007	1,202,083	86,924	7.23	
Other assets	115,079	110,251	4,828	4.38	
Total assets	4,570,982	5,010,457	(439,475)	8.77	
Liquid liabilities	1,168,495	1,116,058	52,437	4.70	
Lease liabilities-non-liquid	1,173,108	1,099,785	73,323	6.67	
Other liabilities	31,071	43,787	(12,716)	29.04	Note 2
Total liabilities	2,372,674	2,259,630	113,044	5.00	
Share capital	954,670	954,670	0	—	
Capital reserve	300,082	300,082	0	—	
Retained earning	562,924	577,208	(14,284)	2.47	
Shareholders' equity and other adjustment items	380,632	918,867	(538,235)	58.58	Note 1
Total shareholders' equity	2,198,308	2,750,827	(552,519)	20.09	

Main explanation for major change items for assets, liabilities, and shareholders' equity (change exceeding 20% or NT\$10 million in value)

Note 1: Financial assets measured at fair value through other comprehensive income-non-liquid decreased, due to drop in market value of financial assets in the year

Note: Other liabilities decreased, due to increase of actuarial gains of retirement fund.

Counter plan for major influences: not applicable

B. Financial performance

(a) Table of performance comparison and analysis

Unit: NT\$1,000

Item	Year		Increased (decreased) value	Change rate (%)	Explan ation
	2022	2021			
Revenue	4,509,706	4,466,137	43,569	0.98	
Operating cost	(3,836,081)	(3,713,200)	(122,881)	3.31	
Net Operating margin	673,625	752,937	(79,312)	10.53	
Operating expenses	(469,440)	(468,421)	(1,019)	0.22	
Operating profit	204,185	284,516	(80,331)	28.23	Note 1
Non-operating income and expenses	12,022	11,999	23	0.19	
Profit before income tax	216,207	296,515	(80,308)	27.08	Note 1
Income tax expense	(39,765)	(56,014)	16,249	29.01	Note 1
Profit (loss) for the year	176,442	240,501	(64,059)	26.64	Note 1

Main explanation for major change items for operating revenue, net operating income, and pretax net income (change exceeding 20% or NT\$10 million in value)

Note 1: Net operating income, pretax net profit, and income tax expenses, and current net profit dropped, due to increased current operating cost.

(b) Expected sales volume and basis, possible effect on the company's finance and business in the future, and counter plan:

Given the industrial environment and supply and demand on the market, plus business development, status of orders reception, and recent operating status, revenues of various business items are expected to keep growing steady in the coming one year.

C. Cash flow:

Analytical explanation for cash flow in the recent year, improvement plan for insufficient liquidity, and analysis for cash liquidity in the coming one year

(a) Analytical explanation for change in cash flow in 2022

Unit: NT\$1,000

Cash balances --beginning of period (1)	Whole-year net cash flows from operating activities (2)	Whole-year net cash flows from investment and financing activities (3)	Effect of exchange-rate Changes (4)	Cash balance- ending (shortfall) (1)+(2)+(3) +(4)	Remedy for cash shortfall	
					Investment plan	Wealth-managem ent plan
905,342	514,118	(587,920)	865	832,405	—	—
1. Analysis of change in cash flow in the recent year (2022) (1) NT\$514,118,000 net cash inflow for business activities, mainly generated from operation. (2) NT\$175,940,000 net cash outflow for investment activities, mainly for payment for property, plant, and equipment. (3) NT\$411,980,000 net cash outflow for fund-raising activities, mainly for cash-dividend payout and repayment of lease principal 2. Remedy for cash insufficiency: not applicable						

(b) Remedy for insufficient liquidity: not applicable

(c) Cash-liquidity analysis for the coming one year (2023)

Unit: NT\$1,000

Cash balances --beginning of period (1)	Expected whole-year net cash flows from operating activities (2)	Expected whole-year net cash flows from investment and fund-raising activiti es (3)	Expected Cash balance –ending (shortfall) (1)+(2)+(3)	Remedy for expected cash shortfall	
				Investment plan	Wealth-manage ment plan
832,405	491,083	(432,586)	890,902	-	-
1. Analysis of cash-flow change in the coming one year (2023) (1) Business activities: mainly cash inflow from operating income (2) Investment activities: mainly for purchase of warehousing equipment, income-generating equipment, and transportation equipment. (3) Fund-raising activities: mainly for payout of cash dividend and repayment of lease principal 2. Remedy for expected cash insufficiency: not applicable					

D. Major capital outlays in the recent year and influence on finance

(a) Major capital outlays and utilization status

Unit: NT\$1,000

Project item	Actual or expected fund source	Total fund in need (2022 and 2021)	Actual fund utilization status	
			2022	2021
Transportation equipment	Own fund	209,294	106,766	102,528
Total		209,294	106,766	102,528

(b) Expected benefits:

The recent two years, the company has decommissioned 150 3.49-ton trucks and purchased 154 trucks, one 6.5-ton truck, and four 17-ton trucks with stage-five environmental-protection stands, raising vehicle utilization rate and fuel efficiency, while lowering maintenance and repair expense, reducing air pollution, in line with the government's policy.

(c) Explanation for other benefits

With its operation centering on continuing revenue growth and raising service quality, the company will continue evaluating the engagement of various operating equipment, so as enhance operating efficacy. Based on the experience of installing automated equipment at Taoyuan transshipment center, the company plans to set up automated merchandise sorting system at transshipment centers in Taipei, New Taipei, and southern Taiwan.

E. Transferred investment policy in the recent year, main reasons for profits or loss, improvement plan, and investment plan in the coming one year

(a) The company's transferred investment policy

The company targets its core operation for transferred investment, shying from unrelated fields. In addition to investment cycling regulation in the internal control system, the company has formulated "measures governing trading with related parties" and "measures governing supervision and management of subsidiaries," helping invested companies set up proper internal-control system, taking into account legal requirements of host countries and actual operating status.

(b) Major reasons for profits or loss of transferred investments, improvement plan, and investment plan in the coming one year:

Unit: NT\$1,000

Invested company	Investment value	Policy	Recognized investment profit or loss for invested company in the recent year	Reason for profit/loss	Improvement plan	Investment plan in the coming one year
Pelecanus Express Pte. Ltd.	28,033	Overseas investment in the form of investment holding	(522)	Only some basic operating expenses, as there has been no substantive operation	-	Nil
Pelican Express (Vietnam)Co. Ltd	5,750	Warehousing service	195	In normal operation, after inauguration in May 2021	-	Nil

Data source: financial statements audited and certified by certified public accountants in recent two years

F. Risk items

(a) Influence of interest rate, exchange rate, and inflation on the company's profit/loss and future countermeasures

1. Influence of interest rate on the company's profit/loss and future countermeasures

Up to now, interest-rate fluctuation has only minimal effect on the company, since vast majority of the company's operating fund comes from own fund, with low financial reliance.

2. Influence of exchange-rate fluctuation on the company's profit/loss and future countermeasures

Exchange-rate fluctuation has minimal influence on the company's business, as the company's business focuses on the domestic market.

3. Influence of inflation on the company's profit/loss and future countermeasures

According to the Cabinet-level Directorate General of Budget, Accounting, and Statistics, Taiwan's consumer price index rose 0.24% sequentially and 2.35% over a year earlier and the index advanced 2.62% year-on-year for the Jan.-March period, underscoring the pressure of risking purchase cost for enterprises in the future. In fact, given global price hike for related resources and materials in recent years, the overall economic environment has been clouded by the pressure of moderate inflation. Although inflation has only limited influence on the company's profit/loss in past years, due to the nature of its business, the company will monitor overall price situation closely and adjust home-delivery costs for contracted customers timely, so as to lower the influence of inflation.

- (b) Policy for engagement in high-risk, high-leverage investments, loaning funds to others, provision of endorsement/guarantee, and trading in derivatives, and profit/loss for such activities and reasons, future countermeasures:

Focusing on core operation, the company doesn't engage in high-risk, high-leverage investments. As of the date of the printing of the annual report, the company had not provided loans and endorsement/guarantee to others or engaged in derivatives trading. Should there be engagement in related operations in the future, the company will abide by its "procedure for acquisition or disposal of assets," "procedure for providing loans to others," "operating procedure for endorsement/guarantee."

- (c) Future R&D plan and expected input for R&D expense:

To meet the continuing expansion of the domestic home-delivery market, and the company has inaugurated merchandise sorting system at the Taoyuan transshipment center, significantly boosting its transshipment capacity and plan for installing similar automated system is underway for central and southern Taiwan transshipment centers, in order to boost transshipment efficiency and delivery quality. The company will continue appropriating 1-5% of operating revenue in upgrading various service information systems and R&D plans

- (d) Influence of major policy and legal changes in Taiwan and abroad on the company's business and finance and countermeasures:

In addition to conformance to domestic and overseas laws/regulations in daily operation, the company has been monitoring closely current in policy development and changes in law/regulations in Taiwan and abroad, so as to have a firm grip on changes in the market and adopt countermeasures timely, thereby minimizing the influence on the company's finance and business.

- (e) Influence of technological and industrial changes on the company's finance and business and countermeasure:

Belonging to the highway route freight transport industry, the company mainly provides B2B, B2C, C2C, and C2B home-delivery logistics service and has taken advantage of information technology to significantly increase home-delivery efficiency and assure completeness of home-delivery service procedure. Meanwhile, given favorable influence of expanding online shopping market, due to changes on people's consumption habit, the company has been watching closely related industrial current in Taiwan and abroad, to grasp industrial dynamic development and market messages timely and actively embrace innovative operating model. Given increasingly rigorous demands for delivery quality and timeliness, following continuing growth of the EC market in recent years, the company will further expand same-day service operating system islandwide, to provide smooth and steady merchandise reception and consignment flow to EC platform operators, as well as custom EC logistics and rapid delivery service, via maintenance of safe inventory for diversified merchandises.

- (f) Influence of corporate-image change on corporate crisis management and countermeasures:

Since its inception, the company has been endeavoring to fulfill corporate social responsibilities, such as free delivery service for victims during 921 and 88 floods, and participation in campaigns of charities and public-service institutions, such as Welfare League Foundation, ROC and Taiwan Fund for Children and Families. Taking advantage of its numerous stations islandwide, complete delivery system, and concept of considerate service and punctual delivery, the company will continue providing giveback to the society.

- (g) Expected benefits from M&A, possible risks, and countermeasures:

The company had had no M&C plan for other companies as of the date of the printing of the annual report and will carefully evaluate the synergy effect, should there be any M&A plan in the future, so as to safeguard shareholders' interests.

- (h) Expected benefits for plan expansion, possible risks, and countermeasure:

This year, the company will carefully evaluate the desirability of splitting existing stations and logistics centers or installing new ones, taking into account load for route transport capacities, extent of difficulties for business development, and overall profits/loss of stations and logistics centers, to uphold the company's profits.

- (i) Risks related to concentration of purchase or sales and countermeasures:

1. Risks for purchase concentration and countermeasures:

Given the company's main business of home-to-home delivery service, the company only purchase materials related to merchandise-sale and purchase-agent services, accounting for a small share in total operating cost, with other purchase items being fuel cost and repair cost of vehicles and freight cost for outsourcing transport in remote areas, entailing minimal risk of purchase concentration.

Unit: NT\$1,000

Item \ year	2021	2022
Cost of goods sold	197,173	248,487
Operating cost	3,713,200	3,836,081
Share of goods sold in operating cost (%)	5.31	6.48

Data source: Financial statements audited and certified by CPAS in recent two years

2. Risks for sales concentration and countermeasures:

The company's largest customer in recent years is momo.com Inc., accounting for 22.8% of consolidated revenue, thanks to demands for home-delivery service deriving from thriving e-commerce such as online and TV shopping, for which inventory management is a key issue. In addition to home-delivery service, the company has also helped momo.com in logistics service, such as merchandise display and sorting. To alleviate the risk of sales concentration, the company has

been soliciting patronage of other EC platforms and cross-border and direct-sales customers, among others.

- (j) Influence and risk of massive share transfer by directors, supervisors, and major shareholders with over 10% shareholding, as well as change in such persons, and countermeasures: there had been no such massive share transfer or change in such persons as of the date of the printing of the annual report.
- (k) Influence and risk of change in management right and countermeasures: There had been on change in management right as of the date of the printing of the annual report.
- (l) List major litigations and non-contentious cases, including those with settled ruling or still in progress, involving the company and the company's directors, supervisors, president, actual responsible person, major shareholders with over 10% shareholding, and subordinated companies, whose outcomes may have major influence on shareholders' equity or security prices. Disclose the facts of the contentions, values of targets, starting dates of litigations, major parties involved, and status of handling as of the date of the printing of the annual report: nil.

Unit: NT\$1,000

Cases	Starting date	Parties in major litigations	Expected loss	Current handling status
Nil				

- (m) Information-security risk evaluation, formulation of information-security policy and concrete management program, and countermeasures:

For the sake of information security, the company set up information security committee on April 8, 2020 and secured UKAS ISO27001 information-security certification on Aug. 18, of the same year. The information security committee has been holding meeting to review information security-related affairs every year.

To avoid personal-information leakage, the company has collaborated with customers and enterprises in pushing installation of ISO 27001 information security management system and certification. Such collaboration with momo.com and other major customers has lasted 12 years. In Aug. 2022, the company has completed upgrading of ISO27001:2013 and CNS27001:2014, the latest information security standards.

Execution status in 2022: With the president serving as the convener and assistant vice presidents of various divisions as members, the information security committee convened in June 2022, reviewing information-security development strategy and strategy, to assure continuing steady operation of the information-security management system. SGS information-security inspection in Aug. 2022 found no major defects. The company had suffered no loss or possible influence from major information-security incidents in 2022 and as of the date of printing of the annual report.

- (n) Other major risks and countermeasures: nil

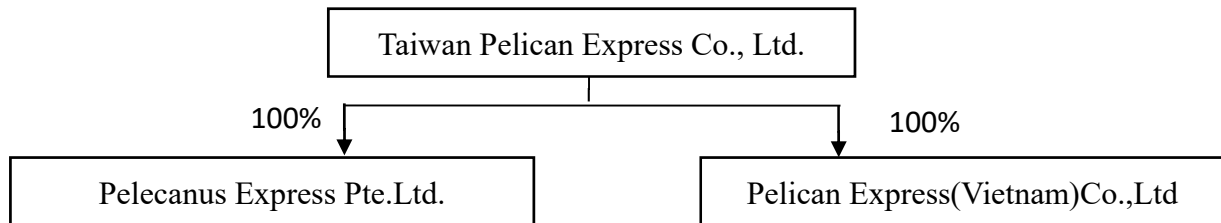
G. Other important measures: nil

VIII. Items with special registrations

A. Information on affiliate

(a) Consolidated business report with affiliates

1. Organizational chart with affiliates



2. Basic data of various affiliates :

Unit: NT\$1,000

Names of enterprises	Incorporation date	Address	Paid-in capital	Major operation or production items
Pelecanus Express Pte. Ltd.	99.04	18 Chin Bee Drive Singapore (619865)	28,033	Investment holding for overseas enterprise
Pelican Express(Vietnam) Co.,Ltd	109.11	Ho Chi Minh City, Vietnam	5,750	Warehousing and logistics

3. Inferred as having a control-subordination relationship: nil

4. Names of the directors, supervisors, and presidents of affiliates

Corporate name	Title	Name or representative	Shareholding	
			Number of shares	Percentage of shareholding
Pelecanus Express Pte. Ltd.	Chairman	CHIU,CHWEN-JY (Taiwan Pelican Express Co., Ltd.)	900,000	100.00%
	Director	Huang Chin-lang (Taiwan Pelican Express Co., Ltd.)	900,000	100.00%
	Director	FOK CHEE KHUEN(Taiwan Pelican Express Co., Ltd.)	900,000	100.00%
Pelican Express (Vietnam)Co.,Ltd	Chairman	PENG CHI-TSENG (Taiwan Pelican Express Co., Ltd.)	Note 1	100%

Note 1: Company limited by share, with only investment value without shareholding

5. Operating status of various affiliates

Unit: NT\$1,000

Corporate name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit/loss (after tax)	Earnings per share (NT\$) (after tax)
Pelecanus Express Pte. Ltd.	28,033	-	82	(82)	-	(504)	(522)	-
Pelican Express(Vietnam)Co.,Ltd.	5,750	10,144	3,685	6,459	26,569	366	195	

(b) Consolidated financial statement with affiliates

Taiwan Pelican Express Co., Ltd.

Statement on consolidated financial statement with affiliates

According to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company should compile consolidated financial statements with affiliates in fiscal 2022(Jan. 1 2022-Dec. 31, 2022), which is similar to the consolidated parent-subsidary financial statement required by International Accounting Standards (IAS) No. 10, with the latter containing information with mandatory disclosure in the former. Therefore, the company didn't compile a separate consolidated financial statements with affiliates.

Responsible person: CHIU CHWEN-JY

Taiwan Pelican Express Co., Ltd.

Feb. 23, 2023

(c) Report of affiliates: nil

- B. Issuance of securities via private share placement in the recent year and as of the date of the printing of the annual report: nil**
- C. Holding or disposal of the company's shares in the recent year and as of the date of the printing of the annual report: nil**
- D. Other necessary additional explanations: nil**
- E. Items with major influence on shareholders' equity or securities price in the recent year and as of the printing of the annual report: nil**

Chairman CHIU, CHWEN-JY
Taiwan Pelican Express Co., Ltd.

