



pelican  
**宅配通**



Stock Code : 2642

# 2023 Annual Report



TWSE MOPS

Web Address: <http://mops.twse.com.tw>

Printed on March 31, 2024

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

Spokesman: Liao Hao-ting  
Title: Assistance vice president  
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Deputy spokesman: Chou Cheng-hsiung  
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**B. Addresses and phone numbers of headquarters, branches, and factories**

Headquarters:  
Address: 288, Yangtong Road, Zhonghe District, New Taipei City, Taiwan  
Tel.: 02-6616-5500

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

**Stock affairs section, KGI Securities Co., Ltd.**

Website: <http://www.gcsc.com.tw/>  
Address: 5th fl., 2, Sec. 1, Chongqing S. Road, Taipei City  
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: Hsu Ming-chuan, 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 shareholders:

In 2023, affected by outbreak of wars in some regions, continuing interest hikes by central banks of various countries, and global inflationary pressure boosting consumer prices, Taiwan's economic growth slackened to 1.42%, as result of which sales volume of online shopping and mail-order business only inched up 0.86%, a far cry from 2022's 8.4% growth. Moreover, backed by robust 7.98% revenue growth in 2023, the convenience-store industry vigorously pushed delivery-at-store business, poaching the businesses of the home-delivery business. Faced with the rigorous environment, Taiwan Pelican Express Co., Ltd., however, managed to minimize the adverse effect by optimizing operating efficiency and planning foray into the realm of cold-chain warehousing.

## A. 2023 operating achievement

### (a) Execution result of 2023 business plan and financial status

The company racked up NT\$4,188,461 thousand in operating revenue in 2023, with pretax net profit reaching NT\$115,588thousand, after-tax net profit NT\$94,496 thousand and after-tax earnings per share NT\$0.99.

### (b) 2023 profit-making capability analysis

In 2023, following subsidence of the COVID-19 pandemic, Taiwan Pelican Express was faced with various rigorous challenges in the external environment, including continuing decline in e-commerce sales, grassroots-level labor shortage, and rising labor costs and rental, but it still managed to retain a stable operation and sound finance via higher efficiency and effective cost control.

Year			2023
Analytical item			
Financial structure	Debt/assets ratio		48.82%
	Long-term fund/fixed assets ratio		547.49%
Profit-making capability	Returns on assets ratio		2.46%
	Returns on equity ratio		4.27%
	Percentage in paid-in capital	Operating profit	11.22%
		Profit before income tax	12.11%
	Profit for the year rate		2.26%
	Earnings per share (NT\$)		0.99

### (c) As the company didn't produce financial forecast, there is no need of disclosing information on actual and forecast figures

### (d) R&D status

Faced with the challenges of market slowdown and labor shortage, Taiwan Pelican Express has been optimizing its operating flow and raising operating efficiency via major R&D efforts, including

- (1) upgrading the function of AIOT vehicle management center: upgrading vehicle-fleet management system, strengthening operating and management capability, and

- improving management efficiency;
- (2) expanding the scope of paperless operation: Introducing QR code home-delivery sheet, reducing usage of consumables, and simplifying operating procedures, so as to lessen employees' operating load and lower operating cost;
- (3) installing low-temperature warehousing WMS system: installing low-temperature warehousing system applicable to the trio-party business scope of Taiwan Pelican Express Co., so as to assure effective management and control of operation and offer quality-assured low-temperature warehousing service.

## **B. General business environment, external competitive environment, and legislative environment**

In 2024, the global economy is still confronted with multiple challenges, such as the Red Sea crisis and intensifying geopolitical risks, overshadowing Taiwan's performance in foreign trade and investments. According to the research of the Taiwan Institute of Economic Research, domestic warehousing business will remain flat in the first half of 2024.

In addition, the overall competitive environment is undergoing a qualitative change, noticeably of the entry of Korean e-commerce operators into the Taiwanese market and the emergence of OMO business model spurring change of the e-commerce market. Thanks to the joining of new competitors, the number of the parcels of the store-delivery business will expand further, up from 2023's 500 million parcels. With e-commerce operators furnished with own vehicle fleets, plus food-delivery and urban motorcycle fleets joining the home-delivery market, the short-chain delivery market will expand further. The above phenomenon has led to the reshuffle of the home-delivery market, in terms of market shares and customer base. Meanwhile demands for low-temperature warehousing and logistics delivery have remained robust. Equipped with complete operating framework and warehousing knowhow, plus cross-platform collaborative experience with major customers, Taiwan Pelican Express can provide one-stop home-delivery and warehousing service. In the face of a drastically changing environment, Taiwan Pelican Express will embrace intelligent and highly efficient operation, thereby laying a solid foundation for its long-term development.

The government has publicized the target of attaining net zero emission by 2050, along with 12 key strategies including strategy 7 calling for the employment of "electric and carbon-free transportation means." Since 2016, Taiwan Pelican Express has been carrying out annual carbon inventory on its own initiative, while having third-party certification company verify the inventory result. The company intends to boost the shares of e-motorcycles and e-trucks to 50% and 10%, respectively, by 2030. The company plans to purchase 50-100 e-motorcycles in 2024, ahead of the original schedule, in order to attain carbon abatement and contribute to the attainment of the net-zero emission target.

## **C. 2024 business plan**

The statistics department of the Ministry of Economic Affairs predicts that Taiwan's economy will grow 3.35% in 2024, with private consumption expected to expand at the stable pace of 2.88% (compared with 2023's 8.41%). In recent years, Taiwan's e-commerce market has entered a new era, following emergence of O2O (online to offline), D2C (director to consumer), and OMO (online merge offline), on top of original B2B (business to business) and C2C (consumer to consumer), significantly stimulating market demands and enhancing the number of big business customers, while augmenting demands for

warehousing service at the same time.

The existence of major customers is essential for home-delivery operators, since it can optimize pickup efficiency and expand market scale, materializing delivery efficacy. Meanwhile, Taiwan Pelican Express will collaborate with branded large food firms in the development of low-temperature warehousing logistics, helping them provide cold-chain service system for 10 million population in northern Taiwan.

In 2024, Taiwan Pelican Express will accelerate development of low-temperature logistics in northern Taiwan, gradually expanding the business scope of regional compound low-temperature logistics center (RDC) to the entire nation. In sum, in 2024, Taiwan Pelican Express will improve delivery efficiency, strengthen big-customer business, tap the low-temperature logistics market, while introducing multi temperature-layered vehicle and intensifying the operating quality efficiency and quality of low-temperature home-delivery operation, so as to boost revenue.

#### **D. Future development strategy**

Cloudy global economic outlook has complicated influence on the domestic market. In the face of rapidly changing market situation, Taiwan Pelican Express will embrace "green transportation, smart logistics" as its main development guidelines, marching forward at steady pace, while constructing a flexible home-delivery and logistics operating mode with efficient flow and smart operation. It will also continue investing in smart warehousing equipment and speeding up deployment in low-temperature logistics, on top of M&A and simplification of various flows to enhance efficiency and introduction of smart operation during flow overhaul, so as to strengthen corporate competitiveness.

Adhering to the mission of sustainable development, in addition to annual carbon inventory of its own initiative and passage of PAS 2050 carbon-footprint verification, Taiwan Pelican Express will attain the targets of 50% share for e-motorcycles and 10% for e-trucks by 2030, so as to fulfill its corporate social responsibility. Taiwan Pelican will strive for fulfillment of corporate governance, so as create even higher value for customers, shareholders, and employees.

Chairman

President

Accounting chief

## 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.	Renewable 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"

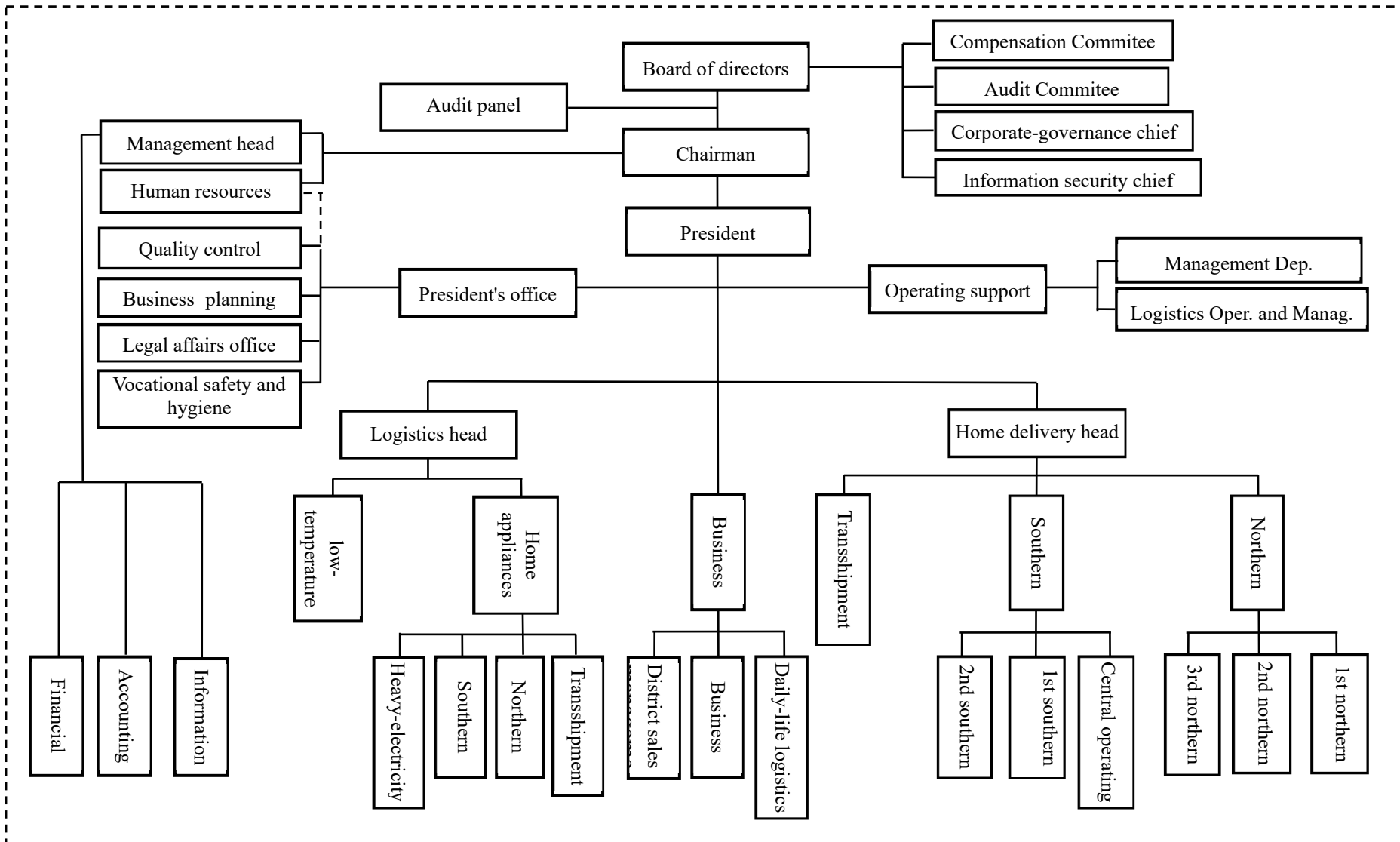


2018 July.	Honor of national champion in the outstanding enterprise category of 15th "National Brand Yushan Award"
2018 Nov.	Launch of exclusive "airport luggage home-delivery service" at Taipei Songshan Airport
2018 Dec.	Passage of ISO 14064-1 international greenhouse-gas inventory standards certification
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 April.	Cancellation of the registration of Beijing Pelican Express.
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
2023 April.	Cancellation of the registration of Pelecanus Express Pte. Ltd.
2023 Oct.	Granted A-class award for employment of aboriginals
2023 Nov.	Honor "2023 wellbeing service enterprise silver award" granted by job website 1111

### III Corporater governance report

#### A. Organizational system

##### a. Corporate organizational structure



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 division	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 division	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 division	Formulation, supervision, and tracking of service quality strategy, to assure customer satisfaction and review of operating flow for continuous improvement
Home delivery business department	Integrate marketing, business project planning, development of large corporate customers, review and management of contracted customers, common and corporate customer services.
Business division	<ul style="list-style-type: none"> <li>● Assist direct management and various operating units in developing large customers, to lay the foundation for business development.</li> <li>● 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.</li> </ul>
Direct management division	<ul style="list-style-type: none"> <li>● Push various large-customer service projects.</li> </ul>
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"> <li>● Formulate various area logistics strategies and plans and push various projects, to assure business performance and attainment of business targets.</li> <li>● Analyze existing customers and potential markets, plan integration and establishment of logistics stations.</li> </ul>
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 division	Formulate logistics business strategy and execution plan, induce development of logistics business services and attainment of business targets.

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

### (a) Data on directors

March 31, 2024

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 Co., Ltd.	Chairman of Taiwan Pelican Express Co., Ltd Chairman of TECO Electric & Machinery Co., Ltd. Chairman of Teco-Westinghouse Motor Company Chairman of Motovario S.P.A...etc.	-	-	-	-
		Representative : Chiu, Chwen-jy					2007.06.01	0	0	0	0										
Director	ROC	TECO Electric & Machinery Co., Ltd.	Male	81 ~90 of age	2021.08.11	3 year	2000.05.31	24,121,700	25.27%	24,121,700	25.27%	0	0	0	0	MBA, University of Pennsylvania, U.S. Bachelor of economics, Keio University, Japan Chairman, TECO Electric & Machinery Co., Ltd.	Chairman of Century Development Corporation Inc. Chairman of Tong-An Investment Co., Ltd. Chairman of Tecons International Consulting Co.,Ltd... etc.	-	-	-	-
		Representative : Huang Mao-hsiung						200,000	0.21%	200,000	0.21%										
Director	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 Master of science administration, National Chiaotung University Vice President of Air and Intelligent Life Business Group, TECO Electric & Machinery Co., Ltd.	President of Taiwan Pelican Express E-JOY Electronics International Co., Ltd. Director \ President An-Sheng Travel Co., Ltd. Director \ President ...etc.	-	-	-	-
		Representative : Hsu Ching-yi					2018.05.23	0	0	0	0										
Director	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 Lines Co., Ltd Chairman of Southern Taiwan Bus Co., Ltd	-	-	-	-
		Representative : Kuo Tzu-yi					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	
Director	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 Telecom Engineering, University of Pittsburgh EMBA, National Chengchi University IBM Corporation, Software Division, Tivoli SW Manager (Greater China Region) Microsoft (China), Vice President and General Manager of Public Sector Group (Greater China Region)	GM of Air and Intelligent Life Business Group, TECO Electric & Machinery Co., Ltd. Chairman of Tesen Electronic Co., Ltd. Chairman of Jiangxi TECO Air Conditioning Equipment Co., Ltd. ...etc				
		Representative : Peng Chi-tseng (note 1)				2016.06.14	0	0	0	0										
Director	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.	-	-	-	-
		Representative : Matsui Manabu				2021.04.27	0	0	0	0										
Director	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	-	-	-	-
		Representative : Yamamoto Kazutoshi				2022.04.01	0	0	0	0										
Director	ROC	AN-SHIN FOOD SERVICES CO., LTD..	Male 51~60 of age	2021.08.11	3 years	2021.08.11	1,703,000	1.78%	1,556,000	1.63%	0	0	0	0	Master's Degree, Graduate Institute of Technology Management, Kaohsiung Polytechnic Institute Department of Industrial Engineering, Tunghai University Executive Vice President, Royal Host Taiwan Co., Ltd	Director / President of AN-SHIN FOOD SERVICES CO., LTD. Chairman of AN-SHIN FOOD SERVICES (SINGAPORE) PTE.LTD. Director / President of Xiamen An Shin Food Management Co., Ltd.... etc				
		Representative : Kao Shun-hsing (note 2)				2023.02.23	0	0	0	0										
Independent director	ROC	Lin Wan-ying	Female 61~70 of age	2021.08.1	3 years	2018.05.23	0	0	0	0	0	0	0	0	Doctor of accounting, Boston University . Associate professor, department of accounting, National Chengchi University .	Adjunct associate professor, department of accounting, National Chengchi University . Independent director, Welldell Inc. Independent director, Crystalvue Medical Corp. Independent director, Lien Chang Electronic Enterprise	-	-	-	-

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	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 Chairperson, 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	LIEN & PARTNERS LAW OFFICES Attorney-at-Law Evergreen Stell Corporation Independent Director TWT NET Corporation Director	-	-	-	-

Note 1: Peng Chi-tseng was first elected on June 14, 2016, with tenure from June 14, 2016 through May 27, 2018 before being reelected as member of the 8th board of directors on Aug. 11, 2021.

Note 2: AN-SHIN FOOD SERVICES CO., LTD. appointed Shih Chi-yuen, replacing Lin Chien-yuan, as its representative, before substituting Kao Shun-hsing for Shih Chi-yuen on Feb. 23, 2024.

## 1. Major shareholders of juridical-person shareholders

March 31, 2024

Names of juridical-person shareholders	Major shareholders of juridical-person shareholders
TECO Electric & Machinery Co., Ltd.	PJ Asset Management (17.45%), Walsin Lihwa Corporation (10.81%), Chiayuan Investment Co., Ltd. (5.29%), Capital Tip Customized Taiwan Select High Dividend ETF (2.69%), Heyuan International Investment Co., Ltd. (2.36%), Creative Sensor Inc. (2.2%), Tung Kuang Investment Co., Ltd. (1.50%), Kuang Yuan Industrial Co., Ltd. (1.25%), Yinyi International Investment (1.05%), Youwan International Investment (0.98%)
ITOCHU Taiwan Corporation	ITOCHU Corporation (100%)
AN-SHIN FOOD SERVICES CO., LTD.	Kuang Yuan Industrial Co., Ltd. (27.56%), MOS Food Services, Inc. (25%), Antai International Investment (8.51%), An-Shin employee shareholding account under the custody of CTBC Bank (6.25%), Lu Chao-ping (2.83%), Tunghe International Investment (2.42%), Tungan Investment (1.69%), Hsiao Teh-chi (0.81%), Tsai Ming-chang (0.76%), Huang Shan-jen (0.69%)

## 2. Major shareholders of juridical-person shareholders :

March 31, 2024

Names of juridical persons	Major shareholders of juridical-person shareholders
PJ Asset Management Co., Ltd.	Ho Yang Management Consulting Co., Ltd. (100%)
Walsin Lihwa Co., Ltd.,	Chin Hsing Investment Co., Ltd. (6.15%), Winbond Electronics Corp. (6.14%), , TECO Electric & Machinery (5.22%), investment account of Likuo Royal Bank under the custody of Standard Chartered Bank (4.54%), Rong Chiang Co., Ltd. (4.27%), Yuanta Taiwan Dividend Plus ETF (3.31%), Chiao You-hui (2.71%), Hua Li Investment Co., Ltd. (2.65%), Chunghwa Post (1.89%), Chiao You-heng (1.62%),
Chia Yuan Investment Co., Ltd.	Ho Yuan International Investment Co., (99.89%), Chang Wei Management Consulting Co., Ltd. (0.11%)
Creative Sensor Inc.	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%), Tung An Investment Co., Ltd. (5.31%), Creative Sensor Inc. (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. (39.27%), Huang LinHo-Huei (35.01%), Bright Lane Investment Limited (12.73%), Tong He Global Investment Co., Ltd. (6.00%), others (6.99%)
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%)
Yinge Int. Inv. Co., Ltd	Huang Bo-zhi(99.28%) 、 Syu Fong-mei(0.72%)
Yu Wan International Investment Co., Ltd.	Kuang Yuan Industrial Co., Ltd.(39.40%), Tung Kuang Investment Co., Ltd. (30.41%), others (30.19%)
ITOCHU Corp.	The Master Trust Bank of Japan, Ltd. (trust account) ( 16.25% ) 、 EURO CLEAR BANK S.A. / N.V(7.52%) 、 Custody Bank of Japan, Ltd. (trust account) ( 5.88% ) 、 CP WORLDWIDE INVESTMENT COMPANY LIMITED ( 4.36% ) 、 Nippon Life Insurance Company ( 2.34% ) 、 Mizuho Bank, Ltd. ( 2.14% ) 、 STATE STREET BANK WEST CLIENT - TREATY 505234 ( 1.64% ) 、 Asahi Mutual Life Insurance Company ( 1.61% ) 、 SSBTC CLIENT OMNIBUS ACCOUNT ( 1.40% ) 、 JP MORGAN CHASE BANK 385781 ( 1.22% )
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%) 、 The Custody Bank of Japan (2.13%) 、 NH Foods Ltd. (1.38%) 、 STATE STREET BANK WEST CLIENT-TREARY(1.24%) 、 MOS Food Services Co., Ltd(1.06%)
Antai International Investment	TECO Electric & Machinery(100.00%)
Tunghe International Investment	Huang Shan-li(25.89%), Wang Po-yuan (20%) 、 Kuang Yuan Industrial Co., Ltd. (29.5%), Huang Yu-jen (17.78%), others (6.83%)
Tungan Investment	TECO Electric & Machinery (99.6%), Antai International Investment (0.2%), TECO International Investment (0.2%)



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

March 31, 2024

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
TECO Electric & Machinery Co., Ltd.(note 3)	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) Director and chairman of the company's affiliates (2) Representative of the company's juridical-person director (3) Compliance with the conditions of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies" of the Financial Supervisory Commission	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)Chairman of top-five juridical-person shareholders (2) Representative of the company's juridical-person director (3) Compliance with the conditions of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies" of the Financial Supervisory Commission	Nil
TECO Electric & Machinery Co., Ltd. (note 3)	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) Chairman of the company's affiliate Pelican Express (Vietnam) Co., Ltd. (2) The company's president (3) Representative of the company's juridical-person director (4) Compliance with the conditions of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies" of the Financial Supervisory Commission	Nil
TECO Electric & Machinery Co., Ltd. (note 3)	Representative : 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) Representative of the company's juridical-person director (2) Compliance with the conditions of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies" of the Financial Supervisory Commission	Nil
TECO Electric & Machinery Co., Ltd. (note 3)	Representative : 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) Representative of the company' juridical-person director (2) Compliance with the conditions of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies" of the Financial Supervisory Commission	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
ITOCHU Taiwan Corporation (note 4)		1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs	(1) Representative of the company' juridical-person director (2) Compliance with the conditions of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies" of the Financial Supervisory Commission	Nil
Representative : Matsui Manabu		2. Without situations specified in article 30, the Company Act		
ITOCHU Taiwan Corporation (note 4)		1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs	(1) Representative of the company' juridical-person director (2) Compliance with the conditions of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies" of the Financial Supervisory Commission	Nil
Representative : Yamamoto Kazutoshi		2. Without situations specified in article 30, the Company Act		
AN-SHIN FOOD SERVICES CO., LTD. (note 5)		1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs	(1) Representative of the company' juridical-person director (2) Compliance with the conditions of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies" of the Financial Supervisory Commission	Nil
Representative : Kao Shun- hsing (note 6)		2. Without situations specified in article 30, the Company Act		
Lin Wan-ying		1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs 2. Instructor or higher teaching position for related discipline at public college 3. Without situations specified in article 30, the Company Act	(1) Not holding the positions of director, supervisor, or employee of the company or affiliates by himself/herself, spouse, or relatives within second degree of kinship (2) Not holding the company's shares by himself/herself, spouse, or relatives within second degree of kinship (or in the name of others) (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. (5) Compliance with the conditions of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies" of the Financial Supervisory Commission.	3

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
Chen Wun-hwa		<ol style="list-style-type: none"> <li>1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs</li> <li>2. Instructor for disciplines related to commerce, finance, corporate business for over 20 years at public college</li> <li>3. Without situations specified in article 30, the Company Act</li> </ol>	<ol style="list-style-type: none"> <li>(1) Not holding the positions of director, supervisor, or employee of the company or affiliates by himself/herself, spouse, or relatives within second degree of kinship</li> <li>(2) Not holding the company's shares by himself/herself, spouse, or relatives within second degree of kinship (or in the name of others)</li> <li>(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")</li> <li>(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.</li> <li>(5) Compliance with the conditions of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies" of the Financial Supervisory Commission.</li> </ol>	Nil
Lien Yuan-lung		<ol style="list-style-type: none"> <li>1. Possession of work experience for handling commerce, finance, accounting, and corporate affairs for over 20 years</li> <li>2. Licensed lawyer with passage of national examination</li> <li>3. Without situations specified in article 30, the Company Act</li> </ol>	<ol style="list-style-type: none"> <li>(1) Not holding the positions of director, supervisor, or employee of the company or affiliates by himself/herself, spouse, or relatives within second degree of kinship</li> <li>(2) Not holding the company's shares by himself/herself, spouse, or relatives within second degree of kinship (or in the name of others)</li> <li>(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")</li> <li>(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.</li> <li>(5) Compliance with the conditions of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies" of the Financial Supervisory Commission.</li> </ol>	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.
- Note 3: TECO is the company's largest shareholder.
- Note 4: ITOCHU Taiwan Corporation is one of the top five shareholders of the company.
- Note 5: AN-SHIN FOOD SERVICES CO., LTD. is one of the top ten shareholders of the company.
- Note 6: AN-SHIN FOOD SERVICES CO., LTD. appointed Shih Chi-yuen, replacing Lin Chien-yuan, as its representative, before substituting Kao Shun-hsing for Shih Chi-yien on Feb. 23, 2024.

#### 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 basic 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 five 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 Kuo Tzu-yi, Peng Chi-tseng, Hsu Ching-yi, Yamamoto Kazutoshi and director Kao Shun-hsing 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.

All the directors don't have situations specified in article 26-3-3 and 26-3-4 of the Securities and Exchange Act, with directors' resumes being available on pages - and the corporate website.

#### 4.3 Concrete management targets and status of materialization for the membership diversification policy for the board of directors

	Concrete management target	Materialization status
1	At least one female member on the board of directors	There are two members on the board of directors now (18% share)
2	At least one foreign member on the board of directors	There are two Japanese members on the board of directors now (18% share)
3	No more than two directors having the relationship of spouse or relatives within second-degree kinship	There is no the relationship of pouse or relatives within second-degree kinship among directors

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

March 31, 2024

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	Hsu Ching-yi (note1)	Male	2024.03.01	0	-	0	-	0	-	Doctor of business administration, National Chengchi University Master of science administration, National Chiaotung University	President of Taiwan Pelican Express E-JOY Electronics International Co., Ltd. Director \ President An-Sheng Travel Co., Ltd. Director \ President...etc.				
Assistant vice president, management head division	ROC	Liao Hao-ting (note 2)	Male	2024.03.01	0	-	0	-	0	-	Bachelor in industrial management, National Cheng Kung University Assistant president for auditing, Deloitte & Touche	Supervisor, Tungsheng Electric Co., Ltd. Supervisor, Anhsin Technology Service Co., Ltd. Supervisor, Pelican Express (Vietnam) Co., Ltd.	-	-	-	-

Note 1: Hsu Ching-yi assumed the presidency of Taiwan Pelican Express on March 1, 2024, replacing his predecessor Peng Chi-tseng.

Note 2: Liao Hao-ting assumed the office of assistant vice president of Taiwan Pelican Express on March 1, 2024, replacing his predecessor Wang Po-kang.

Note 3: Chou Cheng-hsiung was relieved of his original post of vice president on March 1, 2024.

## C. Compensations for directors, president, and vice presidents

### (a) Compensations for directors and independent directors

Unit: NT\$1,000

Code	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			
1	Chairman	TECO Electric & Machinery Co., Ltd. Representative : Chiu, Chwen-jy	-	-	-	-	1,452	1,452	227	227	1,679 1.77%	1,679 1.77%	-	-	-	-	-	-	-	-	1,679 1.77%	1,679 1.77%	43,239
2	Director	TECO Electric & Machinery Co., Ltd. Representative : Huang Mao-hsiung																					
3	Director	TECO Electric & Machinery Co., Ltd. Representative : Hsu Ching-yi																					
4	Director	TECO Electric & Machinery Co., Ltd. Representative : Kuo Tzu-yi																					
5	Director	TECO Electric & Machinery Co., Ltd. Representative : Peng Chi-tseng																					
6	Director	ITOCHU Taiwan Corporation Representative : Matsui Manabu																					
7	Director	ITOCHU Taiwan Corporation Representative : Yamamoto Kazutoshi																					
8	Director	AN-SHIN FOOD SERVICES CO., LTD. Representative : LIN Chien-yuan (note 2)																					
9	Director	AN-SHIN FOOD SERVICES CO., LTD. Representative : Shih Chi-yien (note 2)																					
10	Director	AN-SHIN FOOD SERVICES CO., LTD. Representative : Kao Shun- hsing (note 2)																					

Code	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 subsidiary 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	Cash	Stock value	Cash	Stock value		The company
11	Independent director	Lin Wan-ying	720	720	-	-	2,160	2,160	134	134	3,014 3.20%	3,014 3.20%	-	-	-	-	-	-	-	-	3,014 3.20%	3,014 3.20%	-	
12	Independent director	Lien Yuan-lung																						
13	Independent director	Chen Wun-hwa																						
Total			720	720	-	-	3,612	3,612	361	361	4,693 4.97%	4,693 4.97%	-	-	-	-	-	-	-	-	4,693 4.97%	4,693 4.97%	43,239	
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 on Feb. 26, 2024 to pay out NT\$3,612,000 for 2023 compensations for directors.

Note 2: AN-SHIN FOOD SERVICES CO., LTD. appointed Shih Chi-yien, replacing Lin Chien-yuan, on June 21, 2023, before substituting Kao Shun-hsing for Shih Chi-yien on Feb. 23, 2024.

Bracket	Name of Directors(Note)			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Parent company and all reinvested businesses
Under NT\$ 1,000,000	1、2、3、4、5、6、7、8、9、10、11、12、13	1、2、3、4、5、6、7、8、9、10、11、12、13	1、2、3、4、5、6、7、8、9、10、11、12、13	2、4、6、7、8、9、10、11、12、13
NT\$1,000,000 ~ Under NT\$2,000,000				
NT\$2,000,000 ~ Under NT\$3,500,000				3
NT\$3,500,000 ~ Under NT\$5,000,000				
NT\$5,000,000 ~ Under NT\$10,000,000				5
NT\$10,000,000 ~ Under NT\$15,000,000				
NT\$15,000,000 ~ Under NT\$30,000,000				1
NT\$30,000,000 ~ Under NT\$50,000,000				
NT\$50,000,000 ~ Under NT\$100,000,000				
Over NT\$100,000,000				
Number of Directors	13	13	13	13

Note : Shown by code of Directors in the previous table



(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 (note 1)	1,200	1,200	77	77	3,211	3,211	0	0	0	0	4,488 4.75%	4,488 4.75%	0
President	Hsu Ching-yi (note 1)													
Vicepresident	Chou Cheng-hsiung NG (note 3)													
Assistant vicepresident	Wang Po-kang (note 2)													
Assistant vicepresident	Liao Hao-ting (note 2)													

Note 1: Hsu Ching-yi assumed the presidency of Taiwan Pelican Express on March 1, 2024, replacinghis predecessor Peng Chi-tseng.

Note 2: Liao Hao-ting assumed the office of assistant vice president of Taiwan Pelican Express on March 1, 2024, replacinghis predecessor Wang Po-kang.

Note3: Chou Cheng-hsiung was relieved of his original post of vice president on March 1, 2024.

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	Hsu Ching-yi, Liao Hao-ting	Hsu Ching-yi, Liao Hao-ting
NT\$1,000,000(inclusive)~ 2,000,000(exclusive)	Peng Chi-tseng, Chou Cheng-hsiung, Wang Po-kang	Peng Chi-tseng, Chou Cheng-hsiung, Wang Po-kang
NT\$2,000,000(inclusive)~ 3,500,000(exclusive)		
NT\$3,500,000(inclusive)~ 5,000,000(exclusive)		
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 (note 1)	-	0	0	0
	President	Hsu Ching-yi (note 1)				
	Vice president	Chou Cheng-hsiung (note 3)				
	Assistant vicepresident	Wang Po-kang (note 2)				
	Assistant vicepresident	Liao Hao-ting (note 2)				

Note 1: Hsu Ching-yi assumed the presidency of Taiwan Pelican Express on March 1, 2024, replacinghis predecessor Peng Chi-tseng.

Note 2: Liao Hao-ting assumed the office of assistant vice president of Taiwan Pelican Express on March 1, 2024, replacinghis predecessor Wang Po-kang.

Note3: Chou Cheng-hsiung was relieved of his original post of vice president on March 1, 2024.

(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:

Item Title	The company				All the companies in the consolidated financial statement			
	2022		2023		2022		2023	
	Total	Share in after-tax net profit	Total	Share in after-tax net profit	Total	Share in after-tax net profit	Total	Share in after-tax net profit
Compensations for directors	7,892	4.47	4,693	4.97	7,892	4.47	4,693	4.97
Compensations for president and vice presidents	8,480	4.81	4,488	4.75	8,480	4.81	4,488	4.75
After-tax net profit	176,442		94,496		176,442		94,496	

Note: 2023 compensations for directors decreased from 2022, due to decline in 2023 after-tax net profit; 2023 compensations for president and vice presidents decreased from 2022, due to decline in bonus.

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. Operating status of corporate governance

### (a) Operation of the board of directors

The board of directors convened six times in 2023, 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	6	0	100%	Reelected on 2021.8.11 (required number of attendance 6)
Director	TECO Electric & Machinery Co., Ltd. Representative : Huang Mao-hsiung	6	0	100%	Reelected on 2021.8.11 (required number of attendance 6)
Director	TECO Electric & Machinery Co., Ltd. Representative : Hsu Ching-yi	6	0	100%	Reelected on 2021.8.11 (required number of attendance 6)
Director	TECO Electric & Machinery Co., Ltd. Representative : Kuo Tzu-yi	5	1	83%	Elected on 2021.8.11 (required number of attendance 6)
Director	TECO Electric & Machinery Co., Ltd. Representative : Peng Chi-tseng	6	0	100%	Elected on 2021.8.11 (required number of attendance 6)
Director	ITOCHU Taiwan Corporation Representative : Matsui Manabu	5	1	83%	Reelected on 2021.8.11 (required number of attendance 6)
Director	ITOCHU Taiwan Corporation Representative : Yamamoto Kazutoshi	6	0	100%	Elected on 2022.4.1 (required number of attendance 6)
Director	AN-SHIN FOOD SERVICES CO., LTD. Representative : Lin Chien-yuan	3	0	100%	Relieved of duty on 2023.6.20 (equired number of attendance 3)
Director	AN-SHIN FOOD SERVICES CO., LTD. Representative : Shih Chi-yien	3	0	100%	Elected on 2023.6.21 (required number of attendance 3)
Independent director	Lin Wan-ying	6	0	100%	Reelected on 2021.8.11 (required number of attendance 6)
Independent director	Chen Wun-hwa	6	0	100%	Reelected on 2021.8.11 (required number of attendance 6)
Independent director	Lien Yuan-lung	4	2	67%	Reelected on 2021.8.11 (required number of attendance 6)
<p>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:</p> <p>(a) Cases listed in article 14-3 of the Securities and Exchange Act: please see the table below</p> <p>(b) Except the aforementioned items, resolutions of the board of directors with opposition, or reserved</p>					

- opinions, by any independent director on record or in written form: nil.
- 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. 17th meeting of the 8th board of directors (2024/02/26)  
 Contents of case: Change of ranking officials and appointment of manager  
 Reasons for abstention, and situation of voting:  
 Directors Peng Chi-tseng and Hsu Ching-yi left the meeting, due to involvement of interests, abstaining from the discussion and voting of the case, before returning to meeting ground after resolution.
- 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 revised the "corporate governance best practice principles" at its meeting on March 14, 2017, followed by further revision at its meeting on March 7, 2018, to cover liability insurance for directors.
  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. Moreover, external evaluation of the performance of the board of directors has been carried out once every three years since 2023.
  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. And since 2023, the company has regularly referred to the Audit Quality Indicators (AQIs) to strengthen the evaluation of CPA's independence and competency .
  7. To strengthen corporate governance, intensify the functions of the board of directors, and uphold shareholders' interest, the board of directors

# Status of performance evaluation for the board of directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	評估內容
At least once a year	2023/01/01~2023/12/31	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	2023/01/01~2023/12/31	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 F. Internal control
At least once a year	2023/01/01~2023/12/31	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
Evaluation by external independent professional institutions once every three years	2023/01/01~2023/12/31	Performance evaluation for the function of the board of directors and production of analytical report for external evaluation	In 2023, the company commissioned the "Taiwan Institute of Ethical Business" to conduct external performance evaluation for the board of directors, via such methods as "data review," "online questionnaire survey of members of the board of directors," and "interview with directors. "	The institute subsequently presented observation conclusions and optimization suggestions, with evaluation dimensions including: 1. Professional competence: Makeup of the membership of the board of directors reflect mainly the composition of shareholders' meeting, with members' backgrounds covering various professional fields, including industry, accounting, and management, capable of producing diversified opinions from different angles. 2. Decision-making performance: Members of the board of directors expressed having the opportunity for full discussion during meetings and sufficient participation in corporate operation, upholding decision-making performance. 3. Internal control: Via management team and internal system, the board of directors carries out identification and management of operating risk, as well as full communication and understanding on the execution and performance of auditing operation, facilitating its supervision of corporate internal control.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	評估內容
				4. Sustainable development: The evaluated enterprise has set up environmental-management system and intensified labor-right protection via digitalized management and salary-structure adjustment, on top of talent cultivation for succession plan, helping the board of directors oversee the materialization of sustainable corporate development.

(b) Status of the operation of auditing committee:

The company's auditing 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 auditing committee."

Tenure of the members of the current auditing committee: Aug. 11, 2021 through Aug. 10, 2024. In 2023, the auditing committee convened four 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%	Reelection on Aug. 11, 2021, convener for a continuing term (need to attend four times)
Independent director	Chen Wun-hwa	4	-	100%	Reelection on Aug. 11, 2021 (need to attend four times)
Independent director	Lien Yuan-lung	4	-	100%	Election on Aug. 11, 2021 as a new member (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	1. The company's 2022 business report and financial statement	V	
	2. Distribution of the company's 2022 earnings	V	

7th meeting 2023/02/16	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		
Fourth auditing committee 8th meeting 2023/05/04	1. The company's 2023 Q1 consolidated financial statement	V	
	1. Appointment of CPAs for the period from 2023 Q2 and 2024 Q1 and CPAs compensations	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 9th meeting 2023/08/07	1. The company's 2023 Q2 consolidated financial statement	V	
	2. Development of the company's low-temperature logistics business and lease of new warehousing facility	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 10th meeting 2023/11/08	1. Change of accounting chief	V	
	2. The company's 2023 Q3 consolidated 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		
Fourth auditing committee 11th meeting 2024/02/21	1. The company's 2023 business report and financial statement °	V	
	2. Distribution of the company's 2023 earnings	V	
	3. Self evaluation of the company's internal control in 2023 and production of internal control statement	V	
	4. Change of the CPAs for auditing the financial statement °	V	
	5. Lease for movement of the company's "Jinhu logistics center"	V	
	6. Change of accounting chief and appointment of managerial staffer	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 2023 are listed below:

Date	Communication method	Communications item	Communications result
2023/2/16	Auditing committee	1.Q4 2022 auditing report 2. Report on self evaluation of 2022 internal control and production of statement on internal control	1. Acknowledgement 2. Passage with no opposition from any members in attendance upon inquiry by the chairman
2023/5/4	Auditing committee	Q1 2023 auditing report	Acknowledgement
2023/8/7	Auditing committee	Q2 2023 auditing report	Acknowledgement
2023/11/8	Auditing committee	1. Q3 2023 auditing report 2. 2024 auditing plan	1. Acknowledgement 2. Passage with no opposition from any members in attendance upon inquiry by the chairman

(c) Given good communications with certified public accountants , independent directors have no other suggestions. Major communications items in 2023 are listed below:

2023/2/16	Auditing committee and sending of communications mail	1. Communications on revisions of auditing quality index (AQI) and international CPA ethical code (IEXSBA Code) and other major items 2. Certified public accountants reported on analysis of financial status and business performance in 2022 financial statement, planning items, and key auditing items, as well as responsibilities of auditors for perusal of financial statement. 3. Certified public accountants explained auditing findings and adjustment of auditing entries with auditing committee members. 4. Explanation of CPAs independence and fee 5. Certified public accountants answered the questions of auditing committee members.	After passage of the auditing committee and approval of the board of directors, the annual financial statement was reported to the regulator timely, on top of obtaining the auditing committee's confirmation of the independence of CPAs and evaluation on annual auditing work via mail.
2023/5/4	Auditing committee and sending of communications mail	1. CPAs reported their findings from perusal of 2023 Q1 consolidated financial statement and adjustment of auditing entries with auditing-committee members 2. Certified public accountants answered the questions of auditing committee members.	Opinions of auditing-committee members on Q1 financial statement were obtained via mail for submission to and passage by the board of directors before publication and report to the regulator time.
2023/7/27	Sending of communications mail	1.Certified public accountants explained their role and responsibilities for 2023 auditing work. 2. Certified public accountants explained their auditing plan, auditing method, and	Opinions of auditing-committee members on the independence and annual auditing work were obtained via mail.

		standards for judgment of materiality, and possible employment of other experts for 2022 auditing work. 3. Certified public accountants explained preliminary opinions on corporate risk assessment and auditing risks for key items for 2023 auditing work. 4. CPAs explained briefly work types for individual member of the group's consolidated financial statement. 5. CPAs team made independent statement for their auditing work. 6. Explanation of the quality control system of CPAs' accounting firm.	
2023/8/7	Auditing committee and sending of communications mail	1. CPAs reported their findings from perusal of 2023 Q2 consolidated financial statement and adjustment of auditing entries with auditing-committee members 2. Certified public accountants answered the questions of auditing committee members.	Opinions of auditing-committee members on Q2 financial statement were obtained via mail for submission to and passage by the board of directors before publication and report to the regulator timely.
2023/11/8	Auditing committee and sending of communications mail	1. CPAs reported their findings from perusal of 2023 Q3 consolidated financial statement and adjustment of auditing entries with auditing-committee members 2. Certified public accountants answered the questions of auditing committee members.	Opinions of auditing-committee members on Q3 financial statement were obtained via mail for submission to and passage by the board of directors before publication and report to the regulator timely.

d. Major works of the auditing committee in the year

1. The company's auditing 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 staffers and directors and possible conflict of interest.

2. Perusal of financial statement

The board of directors produced the company's 2023 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 auditing committee finds no improperness 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 auditing committee evaluates the effectiveness of the policy and procedure of the company's internal control system (including finance, operation, risk management, information security, outsourcing, and legal compliance) and reviews the regular reports by the auditing unit and CPAs and management on risk management and legal compliance. Based on the internal control system-internal control-integrated framework) published by the Committee of Sponsoring Organization of the Treadway Commission (COSO), the auditing committee confirms the effectiveness of the company's risk management and internal control, as it has employed necessary control mechanism to supervise and rectify irregularities.

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 <a href="http://www.e-can.com.tw/upload/UserFiles/公司治理實務守則現行條文.pdf">http://www.e-can.com.tw/upload/UserFiles/公司治理實務守則現行條文.pdf</a>	No difference
B. Company shareholding structure and shareholders' equity	V			
(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 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). 3. Article 28-2-6 (ban on sale of shares during the period for purchasing treasury stocks) 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	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>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 governance, the board of directors as whole should possess the following capabilities:</p> <p>(1) business judgment;</p> <p>(2) accounting and financial analysis;</p> <p>(3) business management;</p> <p>(4) crisis management;</p> <p>(5) industrial knowledge;</p> <p>(6) international market perspective;</p> <p>(7) leadership;</p> <p>(8) decision making.</p> <p>2. Materialization of diversification policy:</p> <p>(1) 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</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	Summarized explanation	
(b) Whether or not the company is willing to establish other functional committees on its own initiative, on top of			<p>of directors (including independent directors), two are females (18%) and two are Japanese (18%), with five being over 60 of age, five aged 50-60, and one less than 40 of age</p> <p>(2) 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 Kuo Tzu-yi, Peng Chi-tseng, Hsu Ching-yi, Yamamoto Kazutoshi and Kao Shun-hsing 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> <p>(3) Concrete target of diversification policy  Management target: At least one female member and one foreign member on the board of directors, and no more than two having the relationship of spouse or relatives within second-degree kinship among directors.  Materialization status: In line with policy of gender equality, there are now two female directors (18%), plus two Japanese directors (18%) facilitating development of internationalized logistics. There is no the relationship of spouse or relatives within second-degree kinship among directors.</p> <p>(b) In addition to compensation committee and auditing committee established in accordance with the law, the company has not yet established other functional committees</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	Summarized explanation	
<p>mandatory institution of compensation committee and auditing committee?</p> <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>			<p>(c) 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>The company's 8th board of directors passed revision of "measures governing performance evaluation for the board of directors" at its 3th meeting (2021/12/15), calling for external evaluation of the performance of the board of directors by external independent professional institutions once every once every three years.</p> <p>A. Performance evaluation method for the board of directors</p> <p>Performance evaluation for the board of directors cover the entire board of directors, individual directors, and functional committees, all in the form of self evaluation.</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> <p>B. Understanding of directors' duties</p> <p>C. Extent of participation in corporate operation</p> <p>D. Management and communications for internal relationship</p> <p>E. Expertise and continuing study</p> <p>F. Internal control</p> <p>(3) Functional committees conduct self evaluation, according to standards in the following five major aspects:</p> <p>A. E : 1 control</p> <p>(4) Operation for the performance evaluation for the board of directors in 2023 was carried out by the president's</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	Summarized explanation	
			<p>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 Nov. 2023, whose results and suggested improvements will be reported to the 16th meeting of the 8th board of directors on Dec. 18, 2024.</p> <p>(5) According to the evaluation results, the attainment rates in the year were 97.3% for the board of directors as a whole, 96.6% on average for individual directors, 99.1% for the auditing committee, and 97.6% for the compensations committee, all reaching standards and underscoring good operation of the board of directors.</p> <p>(6) 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. In order to spur and acknowledge the performance of management team, in addition to the "bonus markup for managerial chiefs" proposed by the 7th board of directors at its 18th meeting (2021/2/26), the board passed the reshuffle of ranking officials at its 22nd meeting (2021/8/4). Similar promotion of ranking managers were also passed by the eight board of directors at its 7th meeting (2022/6/17). In 2022, the company also launched performance evaluation for various functional committees and continued intensifying succession plan and the appointment and evaluation, plus compensations adjustment, of in-house auditors. It also familiarized new directors with the company's operation and environment. To strengthen corporate governance and the competence of the board of directors, while upholding shareholders' meeting, the 18th board of directors resolved to institute corporate-governance chief at its 13th meeting</p>	



Evaluation items	Status of operation (note)		Difference from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	
			<p>(2023/5/18).</p> <p>B. In 2023, the company commissioned the "Taiwan Institute of Ethical Business" to conduct external performance evaluation for the board of directors.</p> <p>(1) The evaluation was carried out by experts with profound professional knowledge and independence via such methods as "data review," "online questionnaire survey of members of the board of directors," and "interview with directors," producing observation conclusions and optimization suggestions.</p> <p>(2) The evaluation covers such dimensions as professional competence, decision-making performance, internal control, and sustainable development.</p> <p>(3) Evaluation results</p> <ol style="list-style-type: none"> <li>1. Professional competence: Makeup of the membership of the board of directors reflect mainly the composition of shareholders' meeting, with members' backgrounds covering various professional fields, including industry, accounting, and management, capable of producing diversified opinions from different angles.</li> <li>2. Decision-making performance: Members of the board of directors expressed having the opportunity for full discussion during meetings and sufficient participation in corporate operation, upholding decision-making performance.</li> <li>3. Internal control: Via management team and internal system, the board of directors carries out identification and management of operating risk, as well as full communication and understanding on the execution and performance of auditing operation, facilitating its supervision of corporate internal control.</li> <li>4. Sustainable development: The evaluated enterprise has set up environmental-management system and intensified labor-right protection via digitalized management and salary-structure adjustment, on top of talent cultivation for succession plan, helping the board of directors oversee the materialization of sustainable development.</li> </ol>

Evaluation items	Status of operation (note)		Difference from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	
			<p>(4) Optimization suggestions:</p> <ol style="list-style-type: none"> <li>1. Provide meeting materials timely and increase communications among directors <ul style="list-style-type: none"> <li>➢ Improvement plan: The company has started providing meeting materials to directors timely. The company already installed corporate-governance chief in May 2023, who is responsible for handling directors' requests according to standard operating procedure.</li> </ul> </li> <li>2. Strengthen integrated risk assessment and management mechanism <ul style="list-style-type: none"> <li>➢ Improvement plan: In 2024, the company plans to institute risk-management policy and procedure, in order to strengthen risk-assessment and -management mechanism.</li> </ul> </li> <li>3. Establish a succession team consisting of professional talents <ul style="list-style-type: none"> <li>➢ Strengthen cultivation of managerial talents, with 15 persons having attended such program, including seven who had been appointed to managerial positions. The company has also been pushing job rotation, as a method for cultivating managerial talents.</li> </ul> </li> <li>4. Discussion of sustainability issue at the meetings of the board of directors <ul style="list-style-type: none"> <li>➢ Improvement plan: In line with its high regard for labor interests, the company, in addition to human-rights declaration, has implemented various measures, including institution of employee complaint mechanism and "employee wellbeing committee," and "vocational safety and hygiene center," plus gender equality.</li> </ul> </li> </ol>
(d) Whether or not the company has reviewed the independence of certified public account periodically?	V		<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), in addition to asking CPAs to produce "statement of independence" and auditing-quality index report, according to "auditing quality index AQIs," whose results are reviewed by the auditing committee before submission to the board of directors for approval. The evaluation is</p> <p>No difference</p>

Evaluation items	Status of operation (note)		Difference from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	
			<p>carried out according to the following standards and procedure:</p> <ol style="list-style-type: none"> <li>(1) less than seven years in a row for the certification service;</li> <li>(2) production of independence statement by certified public accountants every year;</li> <li>(3) quality and timeliness for auditing and taxation services;</li> <li>(4) involvement in litigation or correction by competent authority or not;</li> <li>(5) scale and reputé of accounting firm;</li> <li>(6) result of evaluation of the competence and independence of certified public accountants via questionnaire.</li> </ol> <p>The independence and competence of 2024 CPAs has been upheld by the 4th auditing committee at its 11th meeting and 8th board of directors at its 17th meeting.</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. Management head division</p> <ol style="list-style-type: none"> <li>(a) Introduction to staffers Assistant vice president Liao Hao-ting heads the unit, which includes stock-affairs and accounting units for handling corporate governance-related works.</li> <li>(b) Responsibilities: <ol style="list-style-type: none"> <li>1. Corporate registration and registration change;</li> <li>2. Production of minutes for meetings of the board of directors;</li> <li>3. Dispatch of employees to attend corporate governance-related courses.</li> </ol> </li> <li>(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.</li> </ol> <p>B. President's office</p> <ol style="list-style-type: none"> <li>(a) Introduction to staffers: President Hsu Ching-yi heads the unit, whose staffers handle affairs related to the board of directors, the auditing committee, and corporate governance.</li> <li>(b) Responsibilities <ol style="list-style-type: none"> <li>1. Handle affairs related to meetings of the board of directors and the auditing</li> </ol> </li> </ol>

Evaluation items	Status of operation (note)		Difference from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	
			<p>committee according to law.</p> <p>2. Conduct performance evaluation for the board of directors;</p> <p>3. Dispatch employees to attend corporate governance-related course.</p> <p>(c) Work plan In line with the norms set by the competent authority, handle affairs related to the board of directors, the auditing 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 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> <p>1. Production of minutes for shareholders' meeting;</p> <p>2. Attendance of meetings of the board of directors and shareholders' meeting;</p> <p>3. Dispatch of employees to attend corporate governance-related courses;</p> <p>4. Revision of corporate governance best practice principles and ethical corporate management best practice principles;</p> <p>5. Corporate-governance evaluation.</p> <p>(c) Work plan:</p> <p>1. In line with the instruction of competent authority, revise corporate governance best practice principles and ethical corporate management best practice principles.</p> <p>2. Promote ethical management-based operation.</p>
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 corporate website, in addition to responding properly to major issues on corporate social responsibilities concerned by stakeholders?	V		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 <a href="https://www.e-can.com.tw/aboutUs_relationship.aspx">https://www.e-can.com.tw/aboutUs_relationship.aspx</a> , as a communications channels with stakeholders. <a href="https://www.e-can.com.tw/aboutUs_relationship.aspx">https://www.e-can.com.tw/aboutUs_relationship.aspx</a>
F. Whether or not the company has commissioned professional	V		The company has entrusted KGI Securities Co., Ltd. for handling affairs related to

Evaluation items	Status of operation (note)		Difference from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	
stock-affairs agency to handling affairs related to shareholders' meeting?			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 <a href="https://www.e-can.com.tw">https://www.e-can.com.tw</a> 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		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. 2. Materialization of spokesman's system Assistance vice president Liao Hau-ting serves as the company's spokesman. 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.
(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		1. The company already publicized and reporte 4d 2023 financial statement on Feb. 26, 2024. 2. In line with regulation, the company has posted information on monthly revenue and quarterly financial report onto the Market Observation Post System timely.
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	V		1. As for investor relationship, in addition to periodic disclosure of information on major corporate operation, the company has endeavored to enhance information transparency, so that investors can have firm grip on corporate operation and development plan. 2. For information on attendance of the board of directors' meeting, please access the Market Observation Post System at <a href="http://mops.twse.com.tw/mops/web/t93sc03_1">http://mops.twse.com.tw/mops/web/t93sc03_1</a> 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

Evaluation items	Status of operation (note)			Difference from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summarized explanation	
directors and supervisors).			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 12th meeting of the 8th board of directors on May 11, 2023.	
<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 ninth corporate governance evaluation are listed below:</p> <p>(a) The company scored 76.19 points, ranking top 36-50% among listed companies, in the evaluation, with completed improvements as follows: The company has obtained third-party verification for its sustainability report.</p> <p>(b) With the results of the 10th corporate governance evaluation having not yet to be publicized, the company has made the following improvement:</p> <ol style="list-style-type: none"> <li>1. The company has formulated diversification policy for the membership of the board of directors, with the concrete management targets and materialization status of the policy having being disclosed on corporate website and annual report. °</li> <li>2. The interim financial reports of the company have been approved by the audit committee and discussed and resolved by the board of directors.</li> <li>3. The performance evaluation method for the board of directors established by the company has been approved by the board of directors, stipulating that an external evaluation shall be conducted at least once every three years. Evaluations have been conducted in the assessed year or the past two years, and the execution status and evaluation results are disclosed on the company's website or in the annual report.</li> </ol>				

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

Diversification item  Name of director	Basic makeup						Professional background  Education	business judgment	accounting and financial analysis	business management	crisis management	industrial knowledge	international market perspective	leadership	Decision-making capacity	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										
TECO Electric & Machinery Co., Ltd. Representative : Chiu, Chwen-jy	Female	ROC					Business management	V	V	V	V	V	V	V	V	
TECO Electric & Machinery Co., Ltd. Representative : Huang Mao-hsiung	Male	ROC					Economics	V	V	V	V	V	V	V	V	
TECO Electric & Machinery Co., Ltd. Representative : Peng Chi-tseng	Male	ROC					Telecommu- nications	V	V	V	V	V	V	V	V	
TECO Electric & Machinery Co., Ltd. Representative : Hsu Ching-yi	Male	ROC					Business management	V	V	V	V	V	V	V	V	
TECO Electric & Machinery Co., Ltd. Representative : Kuo Tzu-yi	Male	ROC					Business management	V		V	V	V	V	V	V	
ITOCHU Taiwan Corporation Representative : Matsui Manabu	Male	Japan					Economics	V		V	V	V	V	V	V	
ITOCHU Taiwan Corporation Representative : Yamamoto Kazutoshi	Male	Japan					Business administ ration	V		V	V		V	V	V	
AN-SHIN FOOD SERVICES CO., LTD. Representative : Lin Chien-yuan(note)	Male	ROC					Civil engineering	V		V	V	V	V	V	V	
AN-SHIN FOOD SERVICES CO., LTD. Representative : Shih Chi-yien (note)	Male	ROC					Accounting	V	V		V				V	
AN-SHIN FOOD SERVICES CO., LTD. Representative : Kao Shun- hsing (note)	Male	ROC					Industrial management	V		V	V		V	V	V	
Independent director : Lin Wan-ying	Female	ROC			V		Accounting	V	V	V	V	V	V	V	V	
Independent director : Chen Wun-hwa	Male	ROC			V		Business administ ration	V	V	V	V	V	V	V	V	
Independent director : Lien Yuan-lung	Male	ROC		V			Law	V		V	V		V	V	V	V

Note: AN-SHIN FOOD SERVICES CO., LTD. appointed Shih Chi-yien, replacing Lin Chien-yuan, on June 21, 2023, before substituting Kao Shun-hsing for Shih Chi-yien on Feb. 23, 2024.

Note 2: Evaluation table for certified public accountants :

Evaluation items		Evaluation result	Conformance to independence or not
<b>A. Review of key conditions for independence</b>			
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 or 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 or 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 or 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>B. Review of independent operation</b>			
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
Identity (note 1)	(note1) Name			
Independent director (convener)	Chen Wun-hwa	<ol style="list-style-type: none"> <li>1. With working experience for commerce, finance, and corporate business</li> <li>2. Instructor for disciplines related to commerce, finance, and corporate business at public college for over 20 years</li> <li>3. No situations specified in article 30, the Company Act</li> </ol>	<ol style="list-style-type: none"> <li>(1) Not having spouse or relatives within second degree of kinship who are also the directors, supervisors, or employees of the company or affiliates</li> <li>(2) Not having spouse or relatives within second degree of kinship (or in the name of others) who hold the company's shares</li> <li>(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")</li> <li>(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.</li> <li>(5) Conformance to the conditions for independence as specified in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."</li> </ol>	0
Independent director	Lin Wan-ying	<ol style="list-style-type: none"> <li>1. With working experience for commerce, finance, and corporate business</li> <li>2. Instructor for disciplines related to commerce, finance, and corporate business at public college for over 20 years</li> </ol>	<ol style="list-style-type: none"> <li>(1) Not having spouse or relatives within second degree of kinship who are also the directors, supervisors, or employees of the company or affiliates</li> <li>(2) Not having spouse or relatives within second degree of kinship (or in the name of others) who hold the</li> </ol>	2

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
Identity (note 1)	(note1) Name			
		3. No situations specified in article 30, the Company Act	<p>company's shares</p> <p>(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")</p> <p>(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.</p> <p>(5) Conformance to the conditions for independence as specified in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."</p>	
Independent director	Lien Yuan-Lung	<p>1. With over 20 years of working experience for commerce, finance, and corporate business</p> <p>2. . Licensed lawyer with passage of national examination</p> <p>3. No situations specified in article 30, the Company Act</p>	<p>(1) Not having spouse or relatives within second degree of kinship who are also the directors, supervisors, or employees of the company or affiliates</p> <p>(2) Not having spouse or relatives within second degree of kinship (or in the name of others) who hold the company's shares</p> <p>(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")</p> <p>(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.</p> <p>(5) Conformance to the conditions for independence as specified in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."</p>	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 2023, the fourth compensations committee convened twice (A), on Jan. 12 for its 4th meeting and Feb. 16 for its 5th 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-lung	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
4th meeting of the fourth compensations committee 2023/01/12	1. Payout of 2022 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
5th meeting of the fourth compensations committee 2023/02/16	1. Payout for 2022 compensations for directors 2. Payout for 2022 compensations for employees	Passage without opposition by members in attendance upon inquiry by the chairman	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>In line with the company's ESG (environment, social, governance) vision and mission, the "Sustainable Development Implementation Team", convened by the company's president, was established in 2018 and is responsible for implementing matters related to the company's sustainable development, executing related plans, and materializing various concrete measures for sustainable development. The team reports to the president at least once a year.</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 Nov. 10, 2023 the company again obtained the certification of "ISO 14064-1 Greenhouse Gas Inventory Standard," with the certification period running from January 1 to December 31, 2022. 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</p>	Establishment of sustainability committee and production of sustainability report is not mandatory for the company.

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			<p>ambient-temperature transportation vehicles through the smart mobility control center, so as to effectively control fuel consumption. It also 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 2023, 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.</p> <p>3. Main tasks: (1) Setting the goals for the company's</p>	

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			sustainable development direction (2) Formulating the company's sustainable development policy or management guidelines (3) Tracking current market and industry conditions and handling information collection and integration (4) Establishing and screening the company's related operation and management systems. (5) Handling planning, promotion and implementation of projects assigned by the company for sustainable development. (6) Compilation of sustainability report.	
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?	V		1. The disclosed data cover the sustainability performance of the company's major business sites during Jan.-Dec. 2023. The risk assessment boundary being the company, including its business sites in Taiwan and Vietnam. In view of its relevance and effect on material issues, Pelican Express (Vietnam) Co., Ltd. was covered by the assessment. 2. The sustainability team analyzes the sustainability report according to the principle of materiality, communicates with internal and external stakeholders, and integrate evaluation data of various divisions of subsidiary, thereby evaluating material ESG issues, formulating risk-management policy covering identification, assessment, supervision, and control, and forging action plan, so as to minimize risks. 3. 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 for the assessed risks as follows: a. Important issue: environment (a) Risk assessment item: environmental protection (b) Risk management policy or strategy: The company implements greenhouse gas inventory check every year in accordance with the ISO 14064-1: 2008 standard, which is certified by the third-party agency BSI, and conducts regularly inventory of greenhouse-gas emission, using the findings as basis for carbon-	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>abatement measures .</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</p> <p>1. Vocational safety: The company conducts regularly vocational safety education and training, to cultivate employees' ability for emergency response and self protection.</p> <p>2. Delivery quality and product safety: 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> <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</p> <p>(a) Risk assessment item: social economy and regulatory compliance, strengthening of directors' competence, communications with stakeholders</p> <p>(b) Risk management policy or strategy:</p> <p>1. Social economy and legal compliance</p> <p>Establish governance institution and materialize internal-control mechanism, to assure legal compliance</p>	



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	Yes	No	Summarized explanation	
			<p>by all the employees and operation.</p> <p>2. Strengthening of directors' competence Arrange study on related issues for directors, update directors on latest development in legislation, system and policy, and take liability insurance for directors.</p> <p>3. Communication with stakeholders Provide analysis on material issues concerned by stakeholders, to prevent misunderstanding or even legal dispute. Spokesman is responsible to respond to stakeholders' questions, so as to minimize confrontation and misunderstanding.</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 complies with the requirements of ISO 14064 and has passed third-party verification continuously, plus execution of greenhouse-gas inventory, while tracking carbon-abatement performance for disclosure in sustainability report and the corporate website <a href="https://www.e-can.com.tw/">https://www.e-can.com.tw/</a>	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		<p>b. The company has been actively pushing energy reduction measures via employment of high energy efficiency and energy-conserving equipment, so as to cut corporate and production energy consumption.</p> <p>1. 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, plus introduction of electric vehicles into its transportation fleet to accomplish its energy conservation and carbon reduction goals.</p> <p>2. The company has implemented various to cut waste output, such as roll containers for pallets, to cut use of plastic packaging films and logistics box for cardboard box and plastic bags.</p> <p>3. The company employs cardboard boxes and packaging bags, which conform to EU RoHS.</p> <p>4. The company employs energy-conserving tires and requires adequate tire pleasure and good driving behaviors, thereby raising</p>	No difference
				No difference

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	Yes	No	Summarized explanation	
<p>(c) Whether not the company has evaluated potential risks and opportunities of climate change for the 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	V	<p>vehicles' fuel-oil efficiency by 15%,.</p> <p>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 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 22,701.0433 tCO<sub>2</sub>e in 2022 and 21,022.1753 tCO<sub>2</sub>e in 2023, representing a total reduction of 1,678.868 tCO<sub>2</sub>e in the past year. Its annual water consumption came to 58,666 cubic meters in 2022, and decreased by 8,337 cubic meters to 50,329 cubic meters in 2023. The company's total weight of wastes reached 416 metric tons in 2021 and increased by 884 metric tons to 1,300 metric tons in 2023.</p> <p>The greenhouse gas emissions for 2022 were verified by BSI - British Standards Institution, Singapore Branch, Taiwan Office. The greenhouse gas emissions for the 2023 have not been verified yet.</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>	V		<p>a. The company identifies and complies internal labor standards on its own initiative, including "UN Universal Declaration of Human Rights" and "ILO Convention," and global human rights norms and principles, a policy which has been posted on the corporate website.</p> <p>1. The company's human-rights declaration: fairness and no discrimination, no bullying, no harassment, good labor-management relationship, and ban on child labor and forced and mandated labor</p> <p>The company</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	
(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>complies with local legal requirement on working hours and provides a safe, hygienic, and healthy working environment.</p> <p>2. Concrete management programs</p> <p>(1) Training on legal compliance for newcomers, cadres, and unit chiefs;</p> <p>(2) Complete vocational-safety training</p> <p>(3) In-house complaint channels</p> <p>b. 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>Employee bonus: After making up for previous deficits, the company appropriates 0.5%-1.5% of the company's annual profits as employee bonus.</p> <p>In order to achieve sustainable operation and create a good working environment for colleagues, the company has established an employee welfare committee and as provided it annual subsidy of NT\$8 million 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"> <li>1. Employee wedding and funeral subsidies</li> <li>2. Group uniform</li> <li>3. Employee health examination</li> <li>4. Employee compensation</li> <li>5. Year-end bonus</li> <li>6. Employee retirement pension: a 2% monthly provision for the old pension system is put into a special account at the Bank of Taiwan</li> <li>7. Meal allowance</li> <li>8. Labor insurance, health insurance, group insurance, and labor retirement pension (6% monthly provision)</li> <li>9. Special price offers for employees to buy products from affiliated companies</li> <li>10. Spring wine party subsidy, peak-season night snack allowance and summer drinks</li> </ol> <p>(b) Employee welfare measures:</p> <ol style="list-style-type: none"> <li>1. Birthday gifts</li> </ol>	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	
(c) Whether or not the company has provided employees a safe and healthful working environment, as well as safety and health education regularly?			<p>2. Wedding and funeral grants</p> <p>3. Meal subsidy for group social gathering of employees</p> <p>4. Gifts for three major festivals</p> <p>The company's employee number reached 2,214, as of Dec. 31, 2023, including 38 handicapped ones (higher than the legally required amount of 21), 1.8% of the total, and 42 aboriginals, for 1.97% share.</p> <p>Gender distribution of full-time employees in the entire company: 74% male, 26% female. In the year 2023, a total of 47 employees were eligible for parental leave, with 29 submitting applications for parental leave without pay. Among them, 17 were male and 12 were female, resulting in a return-to-work rate of 53.84% and a retention rate of 92.3%. In terms of vacation requests, there were a total of 17 applications for maternity leave, 19 applications for prenatal check-up leave, and 30 male colleagues applied for paternity leave throughout the year.</p> <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. Vocational safety and hygiene policy</p> <p>In line with the spirit of "no environmental pollution, no vocational disaster," the company has endeavored to establish a safety culture and intensify safety and hygiene management, in order to attain the zero-disaster target. The company has committed to the following items:</p> <ol style="list-style-type: none"> <li>1. Legal compliance: comply with vocational-safety laws/regulations, to uphold labor safety.</li> <li>2. Sound vocational safety and hygiene system</li> <li>3. High regard for workplace safety and hygiene: materialize workplace discipline and enhance vocational-safety awareness among laborers.</li> <li>4. Strengthen risk assessment and education/training and conduct safety and hygiene auditing.</li> <li>5. Participation by all the employees and contractors</li> </ol>	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?			<p>It provides 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 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>In 2023, there were 43 workplace accidents, 2.01% of the total employee number of 2,134. In addition to compliance with legal vocational-safety requirements, Taiwan Pelican Express has been pushing safety/hygiene management, via the management method of "plan, do, check, and action," in order to attain human safety, work safety, and vehicle safety.</p> <p>In 2023, there were two fire incidents with no casualties. The company has established protocols for self-defense firefighting teams and regular inspections of firefighting equipment. Moreover, all unit supervisors hold certifications in fire management, ensuring effective prevention and response to related disasters.</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</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	
(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?			<p>accomplishment. The company also holds regular courses for reserve specialists and reserve managers every year to provide career planning and training for potential employees. The company held sessions promoting human-rights policy and code for employees, attracting 2,125 attendee/times, totaling 2,130 hours, as well orientation sessions for new comers, boasting 541 attendee/times, totaling 3,246 hours.</p> <p>e. The company has formulated regulations governing personal data safety, according to which personal data collection is 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 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.</p>	No difference
(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?			<p>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</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	
			with the company.	
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 2023, the company took the internationally accepted report-compilation standards or guidelines as a reference in compiling its 2022 Sustainability Report to disclose its non-financial information. The report has obtained confirmation or guarantee opinions from a third-party verification agency.	No difference
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: The company has faithfully abided by the "corporate social responsibility best practice principles," according to the resolution of the board of directors at its meeting on Nov. 10, 2015. So there is no difference up to now.				
<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>The company has participated in the charitable one-acre farming activity, adopting 0.5 hectares and donating the crops to orphans and other underprivileged children. Meanwhile, the company has attended a clean coast program, arranging volunteers to clean to the Zhoutsewan bathing beach in Tamsui on 2023/6/17. For records on the public-service activities, access <a href="https://www.e-can.com.tw/aboutUs_duty.aspx">https://www.e-can.com.tw/aboutUs_duty.aspx</a> and refer to the annual reports of past years. lay its part in making contributions to Taiwan's farmland and rice farmers.</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, with faithful implementation, plus regular review and modification of the aforementioned program?	V		(c) The company has formulated "ethical management best practice principles," "ethical management operating rules," and "code of employee conduct" and has set up specific mailbox for reporting corruption and unethical behaviors for investigation and handling by designated staffers.	No difference
B. Materialization of ethical management				
(a) Whether or not the company	V		(a) When the company signs major contracts	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>has evaluated the ethical record of business partners and included ethical-behavior article in the contracts signed with them?</p> <p>(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)?</p>			<p>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 behaviors.</p> <p>(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:</p> <p>1. Introduction to staffers</p> <p>(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.</p> <p>(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.</p> <p>2. Responsibilities:</p> <p>(1) Setup and adjustment of the company reporting channel;</p> <p>(2) Formulation and revision of the company's ethical management best practice principles;</p> <p>(3) Holding of employee behavior evaluation council to discuss handling of discovered unethical behaviors;</p> <p>(4) Investigation of unethical behaviors 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>	No difference
(c) Whether or not the company has formulated policy to prevent conflict of interests,			(c) The company has put in place "ethical management best practice principles," calling for formulation of policy avoiding	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	
provided proper channels for expression of opinions, and faithfully implemented them?			<p>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> <ol style="list-style-type: none"> <li>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).</li> <li>2. Delivery of report: Employees can send reports on irregularities to chief of human resources division via mail or in person.</li> <li>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.</li> </ol>	
(d) Whether or not the company has established effective accounting system and internal control system, as well as formulation of related auditing plan by in-house auditing unit, according to revaluation result of unethical-behavior risks, so as to audit compliance with the program for preventing unethical behaviors, either by the in-house unit or CPAs.			(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 and producing statement on internal control system.	No difference
(e) Whether or not the company has held internal or external education and training on ethical management periodically?			<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. Human resources division: In 2023, 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</p> <p>(1) The human resources division conducted online education and training for newcomers in 2023, covering legal affairs, vocational safety and hygiene,</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>and code of employee conduct, which was attended by 541 person/times, totaling 3,246 hours in time.</p> <p>(2) The company also held 17 sessions of courses and promotion on corporate social responsibility and code of employee conduct, attended by 2,125 person/times, totaling 2,130 hours in time, as well as courses on human-right policy.</p> <p>Legal affairs: The company held 10 inside and outside sessions of education and training on ethical management-related issues in 2023, attended by 201 person/times.</p>	
C. Status of the operation of the company's reporting system	V			
(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?	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"> <li>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).</li> <li>2. Delivery of report: Employees can send reports on irregularities to chief of human resources division via mail or in person.</li> <li>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.</li> </ol>	No difference
(b) Whether or not the company has formulated standard investigative procedure and related confidentiality mechanism for handling reporting?			(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.	No difference
(c) Whether or the company has adopted measures protecting informants from improper			(c) Designated investigators for reported cases should not leak the names of informants or other information capable of revealing the	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	
treatment?			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.	
D. Intensification of information disclosure (a) Whether or not the company has disclosed its ethical management principles and execution results on its website and the Market Observation Post System?	V		The company has posted the ethical management best practice principles on the corporate website and the Market Observation Post System and disclosed execution status and result.	No difference
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 2023

Title	Name	Date	Organizer	Name of course	Study hour
Chairman	TECO Electric & Machinery Co., Ltd. Representative : Chiu Chwen-ji	2023/2/9	Taiwan Institute for Sustainable Energy	31st TCCS directors' meetina and CEO lecture	2 hours
		2023/4/20	Taiwan Institute for Sustainable Energy	32ndTCCS directors' meetina and CEO lecture	2 hours
		2023/7/13	Taiwan Institute for Sustainable Energy	33thTCCS directors' meetina and CEO lecture	2 hours
		2023/10/26	Taiwan Institute for Sustainable Energy	33rdTCCS directors' meetina and CEO lecture	2 hours
		2023/12/22	Coprte Governance Association	What kinds of measures should TECO take to cope with climate change?	3 hours
Director	TECO Electric & Machinery Co., Ltd. Representative : Huang Mao-hsiung	2023/8/9	Securities & Futures Institute	Corporate governance workshop for directors, supervisors (independent directors), and corporate governance chief	3 hours
		2023/8/11	Taiwan Straits Business Development Associatioion	Controlled foreign company and global anti-tax evasion	3 hours
Director	TECO Electric & Machinery Co., Ltd. Representative : Hsu Ching-yi	2023/8/11	Taiwan Straits Business Development Associatioion	Controlled foreign company and global anti-tax evasion	3 hours
		2023/12/22	Taiwan Corporate Governance Association	What kinds of measures should TECO take to cope with climate change?	3 hours
Director	TECO Electric & Machinery Co., Ltd. Representative : Kuo Tzu-yi	2023/9/27	Taiwan Project Management Association	EGS investment andcorporate social responsibility	3 hours
		2023/12/22	Taiwan Corporate Governance Association	What kinds of measures should TECO take to cope with climate change?	3 hours
Director	TECO Electric & Machinery Co., Ltd. Representative : Peng Chi-tseng	2023/8/11	Taiwan Straits Business Development Associatioion	Controlled foreign company and global anti-tax evasion	3 hours
		2023/12/22	Taiwan Corporate Governance Association	What kinds of measures should TECO take to cope with climate change?	3 hours
Director	ITOCHU Taiwan Corporation Representative : Matsui Manabu	2023/8/11	Taiwan Straits Business Development Associatioion	Controlled foreign company and global anti-tax evasion	3 hours
		2023/12/22	Taiwan Corporate Governance Association	What kinds of measures should TECO take to cope with climate change?	3 hours

Title	Name	Date	Organizer	Name of course	Study hour
Director	ITOCHU Taiwan Corporation Representative : Yamamoto Kazutoshi	2023/8/11	Taiwan Straits Business Development Associatioion	Controlled foreign company and global anti-tax evasion	3 hours
		2023/12/22	Taiwan Corporate Governance Association	What kinds of measures should TECO take to cope with climate change?	3 hours
Director	AN-SHIN FOOD SERVICES CO., LTD. Representative : Shih Chi-yien	2023/7/18	Accounting Research and Development Association	2023 transformative finance and sustainability disclosure seminar	3 hours
		2023/8/11	Taiwan Straits Business Development Associatioion	Controlled foreign company and global anti-tax evasion	3 hours
		2023/9/4	Financial Supervisory Commission	14th Taipei Corprate Goveranance Forum	6 hours
Independent director	Lin Wan-ying	2023/8/11	Taiwan Straits Business Development Associatioion	Controlled foreign company and global anti-tax evasion	3 hours
		2023/12/22	Taiwan Corporate Governance Association	What kinds of measures should TECO take to cope with climate change?	3 hours
Independent director	Chen Wun-hwa	2023/8/11	Taiwan Straits Business Development Associatioion	Controlled foreign company and global anti-tax evasion	3 hours
		2023/11/3	Institute of Financial Law and Crime Prevention	2023 5th corporate governance workshop	3 hours
Independent director	Lien Yuan-lung	2023/7/4	Taiwan Stock Exchange	2023 Cathy Sustainale Finance and Climte Change Summit	6 hours
		2023/7/14	Taiwan Corporate Governance Association	Risk and opportunities of clinate change and net zero emission for corporate management	3 hours
		2023/10/30	Taiwan Corporate Governance Association	AI application-related law and auditing	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. 26, 2024

Based on self review, the company makes the following statement on the company's internal control system in 2023:

- (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, 2023 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. 26, 2024, endorsed by all of the 11 directors in attendance, without any contrary opinion.

Chairman Chiu Chwen-ji  
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 2023 and as of the date of the printing of the annual report:

Board of directors	2023/02/23	(1) The company's 2022 business report and financial statement, the latter to be submitted to 2023 shareholders' meeting for acknowledgement (2) Payout for 2022 compensations for directors, followed by report to 2023 shareholders' meeting. (3) Payout for 2022 compensations for employees, followed by report to 2023 shareholders' meeting. (4) Distribution of 2022 earnings, setting cash dividend at NT\$1.5 per share, totaling NT\$143,200,500, followed by submission to 2023 shareholders' meeting for acknowledgement (5) Time, venue, and agenda for 2023 shareholders' meeting. (6) Budget increase for the new plant building of "Taipei transshipment center" and change of the contractor to KC Construction Building Co., Ltd. at construction cost to N\$60,000,000, plus 10% management fee. (7) 2023 capital outlay plan
Board of directors	2023/05/12	(1) The company's 2023 Q1 consolidated financial statement
Board of directors	2023/05/18	(1) The base date for the payout of cash dividend was set on June 13, 2023, with cash dividend totaling NT\$143,200,500, or NT\$1.5 per share, whose payout date was set on July 30, 2023. (2) Appointment of Chang Chieh-min as the corporate-governance chief, effective May 18, 2023.
Board of directors	2023/08/10	(1) The company's 2023 Q2 consolidated financial statement (2) New-warehouse lease for the company's low-temperature logistics business, with lease term from Jan. 1, 2024 through Dec. 31, 2028 and usage-right assets reaching N\$207,200,000. (3) Appointment of Hu Hsiang-sheng as corporate-governance chief, replacing Chang Chieh-ming, who left the office.
Board of directors	2023/11/13	(1) Appointment of Chen Yien-hsi as the company's accounting chief, effective Aug. 10, 2023, replacing Chang Chieh-ming, who left the office. (2) The company's 2023 Q3 consolidated financial statement (3) Appointment of Chou Zheng-hsiung as the information security chief, effective Nov. 13, 2023. (4) 2024 auditing plan
Board of directors	2023/12/18	(1) 2024 business budget
Board of directors	2024/02/26	(1) The company's 2023 business report and financial statement, the latter of which to be submitted to 2024 shareholders' meeting for acknowledgement (2) 2023 payout of compensations for directors, followed by report to 2024 shareholders' meeting (3) 2023 payout of compensations for employees, followed by report to 2024 shareholders' meeting (4) Distribution of 2023 earnings, setting cash dividend at NT\$0.8 per share, totaling NT\$76,373,600, followed by submission to 2024 shareholders' meeting for acknowledgement



		(5) Time, venue, and agenda for 2023 shareholders' meeting (6) The company's 2024 capital outlay budget (7) Lease of plant building for the "Jinhu logistics center," with term ranging from June 1, 2024 through May 31, 2029 and usage-right assets reaching NT\$162,000,000 in value. (8) Appointment of Liao Hao-ting as financial chief, effective March 1, 2024, replacing Wang Po-kang, who left the post due to job change (9) Appointment of Hsu Ching-yi as president, effective March 1, 2024, replacing Peng Chi-tseng. (10) Chou Cheng-hsiung was relieved of the post of vice president, effective March 1, 2024, due to job change.
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## 2. Major resolutions of 2023 shareholders' meeting (2023/05/18) and execution status

No.	Resolution	Execution status
1	Passage of "2022 business report and financial statement"	Passage with the support of shareholders in attendance accounting for 99.4% of total voting rights.
2	Passage of "2022 earnings distribution," setting cash dividend at NT\$1.5	1. Passage with the support of shareholders in attendance accounting for 99.39% of total voting rights. 2. Setting ex-cash dividend date on June 13, 2023, with cash dividends having been paid out on July 30, 2023

(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, 2024

Title	Name	Date for assumption of office	Dismissal date	Reason for resignation or dismissal
PREDITNT	PENG CHI-TSENG	JULY 1, 2022	MARCH 1, 2024	ON THE REQUEST OF GROUP
ASSISTANT VICE PRESIDENT	WANG PO-KANG	APRIL 1, 2021	MARCH 1, 2024	ON THE REQUEST OF GROUP
MANAGER	CHANG CHIEH-MING	NOV. 25, 2022	AUG. 14, 2023	CAREER PLAN

## E. Information on CPA fees

(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
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PwC Taiwan	Hsu Ming-chuan	Fiscal 2023	1,945	765	2,710	
	Lin Chun-yao	Fiscal 2023				

Specify contents of non-auditing services: NT\$310,000 for taxation certification, 200,000 for English translation of financial statement, NT\$110,00 for other data review, NT\$95,000 for special-purpose auditing, 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) Replacement of CPA accounting firm and auditing fee paid in the year is less than the previous year: nil

(c) Auditing fee decreases over 10% from the previous year: nil

## F. Information on replacement of CPA

### a. About previous CPAS

Replacement time	Resolution of passage by the board of directors on Feb. 16, 2023		
Replacement reason and explanation	For the sake of in-house rotation, PwC appointed CPAs Hsu Ming-chuan and Lin Chun-yao, replacing Chih Ping-chun and Lin Chun-yao, starting Q1, 2023.		
Explain reason for principal or CPA to end or turn down appointment	Client	CPA	Principal
	Situation		
	End of appointment by its own	Not applicable	Not applicable
	Discontinue appointment	Not applicable	Not applicable
Opinion and reason for auditing report with reserved opinion in recent two years			
Different opinion with issuer	Yes		Accounting principle or practice
			Disclosure of financial report
			Auditing scope or procedure
			Other
	Nil	V	
	Explanation		
Other disclosure items (Article 10-1-4 to 10-1-7)	Nil		

**G. Information on the company's chairman, president, and financial or accounting manager with service at CPA accounting firm or its affiliates in the latest year, disclose related information : nil.**

**H. Status of shareholding transfer and change in creation of pledge by directors, managers, and shareholders with over 10% stake in the latest 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, 2024

Title	Name	2023		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-ji	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	AN-SHIN FOOD SERVICES CO., LTD. Representative : Shih Chi-yien	0	0	0	0
Director	AN-SHIN FOOD SERVICES CO., LTD. Representative : Kao Shun-hsing	0	0	0	0
Director	ITOCHU Taiwan Corporation Representative : Matsui Manabu	0	0	0	0
Director	ITOCHU Taiwan Corporation Representative : Yamamoto Kazutoshi	0	0	0	0

Title	Name	2023		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
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	Peng Chi-tseng	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	Liao Hao-ting	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 assumed of his post on March 31, 2024, before that there was no change in his shareholding or the amount of pledged shares.

Note 4: Peng Chi-tseng was relieved of his post on March 1, 2024, before that there was no change in his shareholding or the amount of pledged shares.

Note 5: Wang Po-kang was relieved of his post on March 1, 2024, before that there was no change in his shareholding or the amount of pledged shares.

Note 6: Liao Hao-ting was assumed of his post on March 1, 2024, before that there was no change in his shareholding or the amount of pledged shares.

Note 7: Chou Cheng-hsiung was relieved of his post on March 1, 2024, before that there was no change in his shareholding or the amount of pledged shares.

Note 8: An-Shin Food Services Co., Ltd. appointed Shih Chih-yien as its representative, replacing Lin Chien-yuan, on June 21, 2023, before changing its representative again to Kao Shun-hsing on Feb. 23, 2024. There was no change in the shareholding or the amount of pledged shares for Lin Chien-yuan, Shih Chi-yien, and Kao Shun-hsing during the process.

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 the relationships of related parties, or spouses, or relatives within second degree of kinship between shareholders with shareholdings among the top 10:**

March 29, 2024

Name	Shareholding of shareholder		Shareholding of spouse and minor childre		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. (TECO) Representative : Chiu Chwen-ji	24,121,700	25.27%	0	-	0	-	Tung An Investment Co., Ltd	Parent company-subsidary	
							TECO International Investment Co., Ltd.		
							AN-SHIN FOOD SERVICES CO., LTD.	Other related parties	
							TIS		
							CREATIVE SENSOR INC.	Director of TECO	
ITOCHU Taiwan Corporation Representative : Matsui Manabu	18,138,500	19.00%	0	-	0	-		-	

Name	Shareholding of shareholder		Shareholding of spouse and minor childre		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	
Tung An Investment Co., Ltd. Representative : Huang Mao-hsiung	6,474,468	6.78%	0	-	0	-	TECO	1. Parent company-subsidiary 2. Director, Tong An Investment Co., Ltd.	
							TECO International Investment Co., Ltd.	1. The same chairman 2. Both are subsidiaries of TECO	
	200,000	0.21%	0	-	0	-	An-Shin Food Services Co., Ltd.	The same chairman	
							TIS	Chairmen of juridical shareholders are relatives within second-degree kinship	
							CREATIVE SENSOR INC.		
	Nippon Express Co., Ltd. Representative : Mitsuru Saito	4,441,000	4.65%	0	-	0	-	-	-
Kuang Chuan Dairy Co., Ltd. Representative : Wang Lin-hsiang	1,647,500	1.73%	0	-	0	-	-	-	
AN-SHIN FOOD SERVICES CO., LTD. Representative : Huang Mao-hsiung	1,556,000	1.63%	0	-	0	-	TECO	Other related parties	
							Tung An Investment Co., Ltd	The same chairman	
							TECO International Investment Co., Ltd.		
	200,000	0.21%	0	-	0	-	TIS	Chairmen of juridical shareholders are relatives within second-degree kinship	
							CREATIVE SENSOR INC.		

Name	Shareholding of shareholder		Shareholding of spouse and minor childre		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 International Investment Co., Ltd. Representative : Huang Mao-hsiung	1,266,332	1.33%	0	-	0	-	TECO	Parent company-subsidary	
							Tung An Investment Co., Ltd.	1.The same chairman 2. Both are subsidiaries of TECO	
	200,000	0.21%	0	-	0	-	AN-SHIN FOOD SERVICES CO., LTD.	The same chairman	
							TIS	Chairmen of juridical shareholders are relatives within second-degree kinship	
							CREATIVE SENSOR INC.		
TECO Image Systems (TIS) Co., Ltd. Representative Huang Yu-jen	281,000	0.29%	0	-	0	-	TECO	Other related parties	
							Tung An Investment Co., Ltd.	Chairmen of juridical shareholders are relatives within second-degree kinship	
							AN-SHIN FOOD SERVICES CO., LTD.		
							TECO International Investment Co., Ltd.	1.Chairmen of juridical shareholders are relatives within second-degree kinship 2.Director of TIS.	
							CREATIVE SENSOR INC.	1.The same chairman 2.Director of TIS.	

Name	Shareholding of shareholder		Shareholding of spouse and minor childre		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.	CREATIVE SENSOR INC. is director of TECO.	
							Tung An Investment Co., Ltd.	Chairmen of juridical shareholders are relatives within second-degree kinship	
							TECO International Investment Co., Ltd.		
							AN-SHIN FOOD SERVICES CO., LTD.		
							TIS	1.the same chairman 2. CREATIVE SENSOR INC. is director of TIS.	
Wu Hong-en	249,000	0.26%	0	-	0	-	-	-	

**J. Shareholding of the company, its directors, managers, and enterprises under the company's direct or indirect control in an invested enterprises and share 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.(note)	-	-	-	-	-	-
Pelican Express(Vietnam)Co.,Ltd.	-	100%	-	-	-	100%

Note: Completion of the process of dissolution and cancellation in 2023



## IV. Fund raising situation

### A. Capital and share capital

#### (a) Sources of share capital

##### 1. Process for formation of share capital

March 31, 2024/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, 2024/unit: 1,000 shares

Kind of share	Approved share capital			Note
	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 :

March. 29, 2024

Shareholder structure Amount	Government agency	Financial institution	Other juridical persons	Individual	Foreign institutions and foreigners	Total
Number of shareholders	0	0	32	21,591	34	21,657
Shareholding	0	0	53,900,588	36,615,717	4,950,695	95,467,000
Shareholding ratio (%)	-	-	56.46%	38.36%	5.18%	100.00%

#### (c) Distribution of shareholding :

March. 29, 2024

Shareholding grading	Number of shareholders	Amount of shareholding	Percentage of shareholding
1- 999	8,826	1,177,575	1.23%
1,000- 5,000	11,637	20,737,755	21.72%
5,001- 10,000	772	6,132,411	6.42%
10,001- 15,000	190	2,411,169	2.53%
15,001- 20,000	98	1,808,700	1.89%
20,001- 30,000	67	1,695,552	1.78%
30,001- 40,000	22	790,050	0.83%
40,001- 50,000	13	601,705	0.63%
50,001- 100,000	19	1,174,583	1.23%
100,001- 200,000	3	481,000	0.50%
200,001- 400,000	3	811,000	0.85%
400,001- 600,000	-	-	-
600,001- 800,000	-	-	-
800,001-1,000,000	-	-	-
Over 1,000,001	7	57,645,500	60.39%
Total	21,657	95,467,000	100.00%

#### Preferred shares

March. 29, 2024

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%
Tung An Investment Co., Ltd.	6,474,468	6.78%
Nippon Express Co., Ltd.	4,441,000	4.65%
Kuang Chuan 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 INC.	281,000	0.29%
Wu Hong-en	249,000	0.26%

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

Unit: NT\$; 1,000 shares

Item		Year	2022	2023	As of March 31, 2024
Market share price	Highest		101.00	56	42.50
	Lowest		39.00	38.15	37.50
	Average		61.02	43.79	39.10
Net worth per share	Before distribution		23.03	23.31	Not applicabl
	After distribution		Note 1	22.51	Not applicabl
Earnings per share	Weighted average number of shares		95,467	95,467	Not applicabl
Earnings per share	Weighted average number of shares		1.85	0.99	Not applicabl
Dividend per share	Cash dividend		1.5	0.8	Not applicabl
	Stock grant	Stock grant with earnings	0	0	Not applicabl
		Stock grant with capital reserve	0	0	Not applicabl
	Accrued dividend				Not applicabl
Return on investment	Price earnings ratio		33.02	41.52	Not applicabl
	Price dividend ratio		40.68	51.38	Not applicabl
	Yield rate of cash dividend		0.02	0.02	Not applicabl

Note 1 : Proposal for 2023 earnings distribution has yet to be 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 2023 earnings is formulated, according to article 28-1 of the corporate charter.
- (2) Plan to pay out NT\$0.8 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\$1,204,000
  - 2) Payout of employees compensations in stock: NT\$0
  - 3) Director compensations: NT\$3,612,000
  - 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. Status of the issuance of corporate bonds (including overseas corporate bonds): nil**

**C. Status OF the issuance of preferred stock: nil**

**D. Status of the issuance of overseas depository receipts: nil**

**E. Status of the issuance of employee stock option certificates: nil**

**F. Status of the issuance of employee 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	Warehousing logistics services
(1) Mainly delivering parcels to homes, including B2C (business to consumers) and C2C (consumer to consumer) services. (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.	(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: 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 and main service businesses

Unit: NT\$1,000

Main Service products \ Year	2022		2023	
	sales value	revenue ratio	sales value	revenue ratio
Home delivery business	3,123,137	69.25%	2,883,570	68.85%
Logistics business	1,346,913	29.87%	1,270,466	30.33%
Others	39,656	0.88%	34,425	0.82%
Total	4,509,706	100.00%	4,188,461	100.00%

#### 3. New products (services) planned for development

The company currently focuses primarily on providing home delivery, logistics and merchandize sales services. In terms of operational systems in 2024, it will continue to create intelligent and automated operational processes to enhance operational efficiency and reduce the workload on frontline personnel. Logistics operations incorporate intelligent and automated cold chain technologies, such as temperature monitoring systems and automated warehousing, to establish low-temperature logistics services for entering the cold chain market.

## b. Industry overview

### 1. Current status and development of the industry

According to the statistics from the Directorate-General of Budget, Accounting and Statistics (DGBAS), Taiwan's economic growth for the entire 2023 reached 1.42%, with a CPI growth of 2.5%. In 2023, Taiwan's economy continued to display a mixed picture, characterized by a resilient domestic sector but challenges from external factors. Growth slowed down due to the impact of adverse international conditions and inflationary pressures. Total turnover of the electronic shopping and mail-order industry expanded 1.88% in 2023, indicating a slowing market growth. However, the annual growth rate of sales in convenience stores ran up to 7.98%, suggesting that convenience stores actively promoted delivery services to capture the market for home delivery services.

According to a study by the Taiwan Institute of Economic Research, the retail and transportation warehousing industries tend to have a neutral outlook for the first half of 2024. In terms of domestic consumption, due to the Lunar New Year in 2024 coming later compared to 2023, the delay in holiday shopping season resulted in a 7.3% year-on-year decrease in sales for hypermarkets and a 2.8% year-on-year decline in sales for electronic shopping and mail-order businesses. The year-on-year growth rate of comprehensive retail sales shrank from 7.53% in November to 2.84% in December. Looking ahead to 2024, amid various uncertainties, home delivery services will continue to move forward steadily with "green transportation and intelligent logistics" as its main development direction. The company will also build a flexible operation mode for home delivery and logistics through process efficiency and operation intelligence.

Future investments will continue in smart warehousing equipment, accelerating the deployment of cold-chain logistics. Efficiency will be enhanced through the integration and simplification of processes, making operations smarter and enhancing overall competitiveness through process optimization

### 2. Linkages between industry upstream, midstream and downstream

Service type	Upstream	Downstream
Home delivery services	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 services	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 serve only local areas and pursue higher timeliness (time-limited urgent delivery/same-day delivery), while large-size home delivery companies can mainly handle cross-region and complete delivery services across Taiwan due to their investment in establishing transfer centers and sales stations. The target markets for both small-scale and large-size players are segmented.

With e-commerce demanding faster and broader delivery services, more advanced service requirements have emerged simultaneously, such as restricted-area “6-hour delivery,” “3-hour delivery,” and “delivery to convenience stores.” Home delivery companies are becoming more expedited, while convenience stores are adopting a store pickup model to capture the home delivery market. They are expanding low-temperature storage space and strengthening their strategic role in the last-mile pickup. Moreover, they are introducing services for small and medium-sized businesses to have items picked up at their locations, and they are establishing partnerships with numerous brands and physical retail channels to enter the short-distance rapid delivery service sector. Even large e-commerce platforms have deployed their own fleets. Coincidentally, various home delivery and logistics companies are continuously developing innovative operating models to meet the diverse needs of the industry.

The demand for cold-chain goods delivery is limited by the requirements of low-temperature environments, which only a few companies with the necessary equipment and technology can meet. Accordingly, the entry threshold is relatively high, leading to higher profit margins. 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. Consumers select the nearest supermarkets or restaurants as delivery points, where professional shoppers pick up the designated items or meals. Then motorcycle fleets relay the deliveries, aiming to complete purchases and home delivery within one hour.

#### c. Technology and R&D overview: R&D expenses incurred in the most recent fiscal year and up to the printing date of the annual report, along with details of successful technological advancements or products developed.

##### 1. Strict protection of customers' personal information:

The protection of customer personal data has become the top priority for home delivery services. The company has ensured that the acquisition, processing, exchange, computer system operation, and management of user permissions for customer shipping data are all compliant with international standards and have passed ISO27001 information security certification.



2. Obtained patent certification for "non-cash COD (cash on delivery) method and system":

To extend more convenient home delivery services beyond conventional logistics to customers amid 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 system. The introduction of this service not only allows customers to choose payment on delivery, but also offers advantage such as preventing personal data leakages, making it a powerful tool for promoting 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, an operation information integration system was built. The operation control center connects drivers nationwide in real-time based on the relevant reports generated by the system integration. Supervisors around the country can also grasp relevant dynamics through the operation information integration system, achieving real-time action management without time difference. In 2020, through the creation of an exclusive AIoT traffic control center, AI can learn and monitor driving behaviors along the entire routes after all drivers get on the roads, effectively harnessing the real-time status of all vehicles and identifying any violations or idling behaviors by drivers, so as to reduce the risk of non-compliance incidents.

4. Automated order dispatch system:

In 2023, an automated order dispatch system was established to streamline the sorting and dispatching tasks of frontline workers, resulting in a 20% increase in sorting efficiency. Previously, manual order dispatching varied from person to person, with different operators employing different sorting logic, making it difficult to achieve systematic management and replication. Through the automated order dispatch system, once sorting and distribution (SD) are completed, the system synchronizes to arrange routes efficiently while retaining manual adjustment flexibility. By simplifying operational processes through intelligent systems, it alleviates the workload of frontline personnel. Taiwan Pelican Express will continue to replace manual operations with intelligent systems, continuously improving efficiency and refining operational structures, aiming to establish itself as a smart logistics company.

5. Establishment of low-temperature warehouse management system (WMS):

A low-temperature warehouse management system (WMS) was established to align with Taiwan Pelican Express's third-party business scope in low-temperature warehousing, ensuring effective operational control and providing quality-assured low-temperature storage services.

The expenditures incurred for the above projects in the fiscal year 2023 and up to the printing date of the annual report totaled approximately NT\$12.93 million.

#### d. Short- and long-term business development plans

##### 1. Short-term development plan:

In recent years, global economic uncertainties have intensified, leading to more complex impacts on domestic market demand. Faced with rapidly changing market conditions, Taiwan Pelican Express will prioritize "green transportation and smart logistics" as its main development direction, continuing to move forward steadily. It will construct a flexible delivery and logistics operation model through process efficiency and operational intelligence. Future investments will focus on smart warehouse equipment to accelerate the deployment of low-temperature logistics. Efficiency will be enhanced through the consolidation and simplification of various processes, making operations smarter while deepening competitiveness through process transformation.

Taiwan Pelican Express will uphold its corporate mission of sustainable business operations, conducting independent carbon assessments annually and obtaining PAS 2050 carbon footprint certification. Furthermore, it aims to achieve a 50% share for electric motorcycles and a 10% share for electric trucks by 2030, fulfilling its corporate social responsibility for environmental sustainability. The company actively implements corporate governance, striving to create higher value for customers, shareholders, and employees.

##### 2. Long-term development plan:

###### (1)Continuously evaluating the establishment of automated transfer and warehouse logistics centers

In the future, the company will continue to plan for automated transfer and warehouse logistics centers with functions like transfer and logistics warehousing. This is to accelerate the integration of warehouse and distribution services, enhance the efficiency of transfer sorting operations, and improve delivery quality while reducing labor costs.

###### (2)Developing comprehensive cold chain logistics services

In recent years, with consumers' increasing focus on quality of life, health concerns, and food safety, there has been a growing demand for low-temperature home delivery of fresh produce and vegetables. Additionally, there has been a synchronous increase in demand for home delivery of health foods, with an annual growth rate of over 20%. Furthermore, driven by the pandemic, there is a mounting trend in vaccine transportation demand, telemedicine, and opportunities arising from aging populations. Therefore, we will actively plan to provide comprehensive cold chain logistics services, enter the GDP-certified market, and move towards higher value-added logistics markets.

###### (3)Deepening the development of smart logistics

The operational focus of Taiwan Pelican Express continues to deepen with information as the core competitive advantage. The company plans to introduce a system to automatically arrange routes, enhance driving efficiency, simplify pre-departure manual paper work, and increase delivery time. This will enable new drivers to quickly adapt

and focus on delivery services. Through the system assistance, the management focus will be shifted from “vehicles” to “people,” achieving real-time reminders for drivers and maintaining driving safety.

## B. Market, Production and Sales Overview

### a. Market analysis

#### 1. Main product sales areas:

Unit: NT\$1,000

Area \ Year	2022		2023	
	Sales value	Ratio (%)	Sales value	Ratio (%)
Domestic sales	4,483,137	99.4%	4,168,587	99.5%
Overseas sales	26,569	0.6%	19,874	0.5%
Total	4,509,706	100.00	4,188,461	100.00

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

##### (1) Supply situation

Besides top domestic home delivery logistics companies including Taiwan Pelican Express, President Transnet, HCT Logistics, Kerry TJ Logistics and Chunghwa Post, there are also regional small-scale delivery firms, international couriers and emerging platform-sharing operators joining the competition to capture business opportunities in the home delivery market. Furthermore, in recent years, e-commerce platform operators have also deployed their own fleets to provide new delivery capacity for short chains. In the future, home delivery operators will not only need to understand industry development trends to provide more diverse, integrated, or differentiated services, but must also focus on the development and application of new technologies and utilize more professional quality/performance management to meet consumer needs. According to industry revenue estimates, our company holds a home delivery market share of around 15%, ranking between 3rd and 4th place.

##### (2) Demand situations and future market growth prospects

###### **Store delivery market:**

In 2023, the store delivery market experienced rapid growth. According to data from the Department of Statistics under the Ministry of Economic Affairs, the annual growth rate of sales in convenience stores reached 7.98% in fiscal year 2023, while the growth rate of electronic shopping and mail-order businesses shrank from 8.40% in 2022 to 0.86% in 2023. This indicates strong growth momentum in the store delivery market. Taiwan Pelican Express will actively collaborate with retail partners in 2024 to open up fast delivery services through system integration, meeting diverse market demands and

gradually expanding market niches.

**Cold chain logistics market:**

With the rapid development of the low-temperature food market in recent years, there has been a significant increase in demand for cold chain and low-temperature logistics services. Moreover, robust pandemic-driven home economy has led to a noticeable rise in online purchases of fresh food, in turn sending low-temperature warehousing market scale growing rapidly. In addition to startups heavily investing in the last-mile delivery of low-temperature goods, physical retail outlets have also actively partnered with delivery platforms to seize business opportunities. Therefore, cold chain logistics is poised to be the next rising star of the logistics industry in Taiwan.

**Short-chain market opportunities:**

In response to past quarantine policies during the pandemic, people significantly reduced dining out and purchasing daily necessities, leading to a surge in demand for delivery services. The drastic change in consumer habits and rapid market development has cultivated a preference for delivery efficiency, shifting from previous delivery times measured in "days" to "hours." This trend has also spurred the flourishing development of fresh food and low-temperature delivery services. Driven by changes in consumer habits, not only traditional logistics companies but also e-commerce platforms continue to expand their own fleets and set up satellite warehouses to achieve the fastest delivery as expected by consumers. It is evident that short-chain delivery is an emerging trend for the future.

**3. Competitive niches:**

In response to the future growth and development of the market, the company will, in addition to its existing service model, continuously sharpen its corporate competitive edge, expand the scope of professional services, actively embrace innovative operating models, and integrate resources from affiliated companies, aiming to provide a more diversified and comprehensive range of professional services and boost its revenue goal. The company's competitive niches are as follows:

**(1). Dense network coverage across Taiwan**

The logistics and home delivery industry is a high-threshold sector, requiring a certain scale of equipment investment and a sufficient fleet of vehicles to cope with the rapid supply service system required in line with the growing e-commerce development trend. The company has seen its network infrastructure across Taiwan become increasingly complete, and will continue to expand service points in the future, moving forward in the direction of offering accelerated and efficient services.

Additionally, the company has established a fleet management system and an operation control center, allowing its managers nationwide to grasp the dynamics of drivers across the country at any time. Through real-time information connection and message integration, real-time action management without time difference is achieved.

## (2) Complete collection service points

Domestic home delivery service providers are more competitive in the market when using convenience stores as collection agencies. Apart from Black Cat Delivery Service and President Chain Store Corporation, which belong to the Uni-President Group, Taiwan Pelican Express has already established cooperative relationships with over 15,000 collection agencies, including FamilyMart and Hi-Life convenience stores, fast-food chains, pharmacy chains, gas stations, major hypermarkets, and community channels. Furthermore, the company also integrates community networks and intelligent logistics locker systems to expand more diversified collection-point services, providing customers with the most convenient home delivery collection services at any time.

Moreover, besides providing luggage delivery services, smart locker storage, self-printing of waybills, low-temperature delivery, and 24-hour services at Taoyuan International Airport, the company in 2018 obtained exclusive luggage delivery services at Taipei Songshan Airport, completing the deployment of luggage delivery services at northern international airports.

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

From assisting with unloading inbound shipment containers, warehouse storage, picking and packing, to distribution processing, the company designs a one-stop logistics customized service for strategic partners. When the company's logistics center receives an order message from an e-commerce platform's client, it can immediately pick, label, and dispatch the goods to the delivery station, providing home delivery services promptly. The company can also offer home appliance installation services, enhancing overall service efficiency. Considering that along with the development of e-commerce, online stores show demand for credit-card or cash payment upon delivery, the company also provides payment collection service for contract merchants, allowing them to obtain convenient cash flow services that can also make consumers feel at ease. Consumers can also check the delivery progress of their goods anytime, anywhere through the dedicated home delivery service app.

## (4) Selecting catalogs of potentially-popular products

Through the meticulous observations of delivery engineers around the country, interactions with consumers, and continuous proactive development, the company has compiled many catalogs of new hot-selling products for consumers in recent years. The headquarters simultaneously selects "future star products" through analysis by professional marketers, and promotes them in catalogs or on websites, achieving a win-win effect.

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

##### (1) Favorable factors

###### (1-1) Continuous growth in potential markets

The domestic consumer market continues to attract resources from international giants, especially with new competitors entering the e-commerce platforms, simultaneously stimulating market demand. In addition, the rapid growth of the delivery market reflects the growth potential in both home delivery and store retail delivery markets.

###### (1-2) Strong demand for cold storage

According to statistics from the Department of Statistics, Ministry of Economic Affairs, the sales of frozen and prepared foods in Taiwan reached NT\$76.4 billion in 2020, a growth of 45% over the past decade. In recent years, the demand for cold storage has been increasing annually, indicating a gradual transformation in the structure of Taiwan's logistics and warehousing market.

##### (2) Unfavorable factors and countermeasures

###### (2-1) Increasing consumer quality requirements

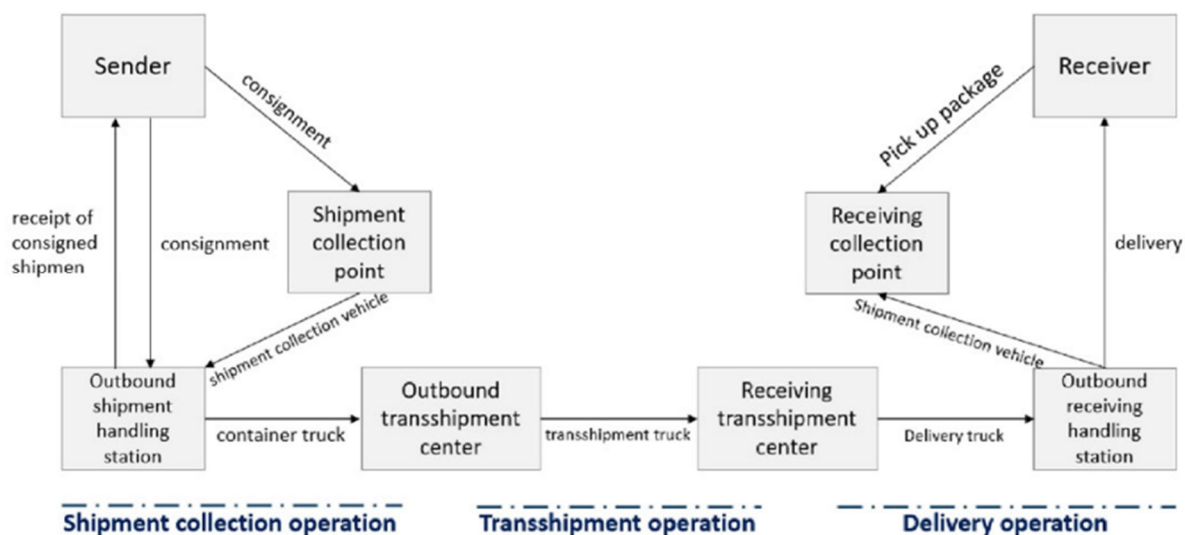
As e-commerce operators increasingly prioritize consumer experiences, many are emphasizing delivery efficiency, prompting delivery service providers to continuously enhance operational equipment investment to keep pace with the growing e-commerce market, so as to ensure consistent service quality. Additionally, with the improvement in the quality of daily life in recent years, consumers have become more stringent about food safety and delivery of fresh ingredients. This has led to additional customized service requirements such as re-delivery arrangements.

###### (2-2) Rising operating costs

Operating costs are climbing due to fluctuations in international oil prices, ongoing increases in basic wages and labor insurance premiums arising from amendments to the Labor Standards Act, and other operational pressures. Additionally, with freight/courier companies rushing into the e-commerce delivery market, platform operators establishing their own fleets, and the rise of food delivery platforms, the delivery industry faces continuous challenges in the overall competitive environment. This has resulted in ongoing labor shortages and other pressures, making the operation of delivery industries still challenging. The future of home delivery and logistics services needs to move toward intelligent and technological solutions. This requires continuous investment in operations to maintain high service quality and operational performance, ensuring competitiveness and meeting market demands.

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 solely used for the service of goods vendors, accounting 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 outsourced home delivery in remote areas. Apart from diesel, which is mainly supplied by Formosa Petrochemical Corp., there is no supply demand for other main raw materials. .

d. The names of customers who accounted for more than 10% of the company's total purchases (or sales) in any one of the past two fiscal years, along with their corresponding transaction amounts and proportions:

1. Recent two-year data on main suppliers of the parent company and its subsidiaries.

With the recovery of the catering industry among end customers after the pandemic, there has been an increase in procurement of catering consumables associated with the company's purchasing and distribution management.

Unit: NT1,000

Item	2022				2023			
	Name	Value	Percentage of net purchases over the entire fiscal year (%)	Relationship with the issuer	Name	Value	Percentage of net purchases over the entire fiscal year (%)	Relationship with the issuer
1	Company A	56,321	22.48	No	Company A	49,585	22.33	No
2	Company B	26,419	10.55	No	Company B	23,924	10.77	No
	Others	167,769	66.97	-	Others	148,556	66.90	-
	Net purchase value	250,509	100.00		Net purchase value	222,065	100.00	No

Note 1: List the names of suppliers with purchase totaling 10% or more in the past two fiscal years, as well as their purchases amounts and percentages. However, if contractual agreements prohibit the disclosure of supplier names or if the supplier is an individual and not a related party, a code name may be used.

Note 2: As of the printing date of the annual report, if financial data of related companies listed or stocks traded at securities firms have been recently audited or reviewed by certified public accountants, such data should be disclosed.



2. Recent two-year data on main sales customers of the parent company and its subsidiaries

Main sales customers' proportions of the company's revenue have not changed much over the recent two years.

Unit: NT\$1,000

Item	2022				2023			
	Name	Value	Percentage of net sales for the entire year (%)	Relationship with the issuer	Name	Value	Percentage of net sales for the entire year (%)	Relationship with the issuer
1	Company C	1,030,016	22.84%	No	Company C	989,737	23.63%	No
	Others	3,479,690	77.16%		Others	3,198,724	76.34%	
	Net sales value	4,509,706	100.00%		Net sales value	4,188,461	100.00%	

Note 1: List the names of customers with sales totaling 10% or more in the past two fiscal years, as well as their sales amounts and percentages. However, if contractual agreements prohibit the disclosure of customer names or if the customer is an individual and not a related party, a code name may be used.

Note 2: As of the printing date of the annual report, if financial data of related companies listed or stocks traded at securities houses have been recently audited or reviewed by certified public accountants, such information should be disclosed.

e. Production values for the past two years:

**The company mainly provides home delivery and professional logistics services, so this item is not applicable.**

f. The sales volume and value for the past two years

Unit: NT\$1,000

Sales volume and value  Main products (or sectors)	2022				2023			
	Domestic sales		Exports		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Home delivery business	38,755	3,123,137			35,416	2,883,570		
Logistics business		1,320,344		26,569		1,250,592		19,874
Others		39,656				34,425		
Total	38,755	4,483,137		26,569	35,416	4,168,587		19,874

## C. Employees

Unit: Person

Year		2022	2023	As of March 31, 2024 (Note)
Employees People	Direct	1,477	1,433	1,416
	Indirect	689	697	695
	Total	2,166	2,130	2,111
Average age		38.97	38.97	39.50
Average service tenure		5.75	5.75	5.88
Educational attainment distribution ratio	Doctor	-	0.05	0.09
	Master	1.34	1.6	1.71
	College	39.89	40.52	41.21
	Senior high school	49.08	48.22	47.23
	Below senior high school	9.70	9.62	9.76

Note: The data for the current year up to the date of printing of the annual report should be provided.

## D. Information on environmental-protection outlay

a. Losses incurred due to environmental pollution in the most recent fiscal year and up to the date of the publication of the annual report are disclosed, and the estimated amounts and response measures for current and potential future losses, as well as the corresponding response measures are also revealed. If the losses cannot be reasonably estimated, the factors preventing a reasonable estimate should be explained.

Item	Date of penalty	No. of penalty document	Violation time	Regulation Violated	Violation content	Penalty content	Fine amount	Compensation amount
1	2023.01.03	41-112-010089	2022.09.05	Waste Disposal Act, Article 27-1	Discarding of cigarette butts arbitrarily	Imposing Penalty based on Article 50-3 of Waste Disposal Act	1,200	0
2	2023.01.05	21-112-010086	2022.09.20	Air Pollution Control Act, Article 40-3	Entering the air quality maintenance zone of this city without obtaining a valid premium or equivalent self-management emblem.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	1,000	0
3	2023.01.05	21-112-010080	2022.09.19	Air Pollution Control Act, Article 40-3	Entering the air quality maintenance zone of this city without obtaining a valid premium or equivalent self-management emblem.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	1,000	0
4	2023.02.01	41-112-020063	2022.09.28	Waste Disposal Act, Article 27-1	Discarding of cigarette butts arbitrarily	Imposing Penalty based on Article 50-3 of Waste Disposal Act	1,200	0
5	2023.03.02	21-112-030047	2022.10.28	Air Pollution Control Act, Article 40-3	Entering the air quality maintenance zone of this city without obtaining a valid premium or equivalent self-management emblem.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	1,000	0
6	2023.03.16	21-112-030749	2022.10.20	Air Pollution Control Act, Article 46-1	Based on visual observation or remote sensing by the staff of our bureau, the vehicle failed to meet the emission standards. And the owner fails to take the vehicle to the designated location for inspection within the deadline specified in the notice issued by the bureau.	Imposing Penalty based on Article 79 of Air Pollution Control Act	10,000	0

Item	Date of penalty	No. of penalty document	Violation time	Regulation Violated	Violation content	Penalty content	Fine amount	Compensation amount
7	2023.05.29	21-112-050310	2023.01.16	Air Pollution Control Act, Article 40-3	When passing through the air quality maintenance zone announced by this city, it was found that the vehicle had not undergone emission inspections certified by any county or city environmental protection bureau within the past year.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	500	0
8	2023.05.23	21-112-050342	2023.02.18	Air Pollution Control Act, Article 40-3	Entering the air quality maintenance zone of this city without obtaining a valid premium or equivalent self-management emblem.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	1,000	0
9	2023.06.16	21-112-060245	2023.06.12	Air Pollution Control Act, Article 36-1	The vehicle's exhaust opacity measured at 8.2m-1 during testing, exceeding the emission standards.	Imposing penalty based on Article 66-1-1 of Air Pollution Control Act	12,000	0
10	2023.06.07	21-112-060141	2023.03.13	Air Pollution Control Act, Article 40-3	Entering the air quality maintenance zone of this city without obtaining a valid premium or equivalent self-management emblem.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	1,000	0
11	2023.07.03	21-112-070003	2023.05.25	Air Pollution Control Act, Article 36-1	The vehicle's exhaust opacity measured at 1.2m-1 during testing, exceeding the emission standards.	Imposing penalty based on Article 66-1-1 of Air Pollution Control Act	6,000	0
12	2023.07.17	21-112-071586	2023.04.21	Air Pollution Control Act, Article 40-3	When passing through the air quality maintenance zone designated by this city, the vehicle was found to have no record of clearing the emission inspection within the past year.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	500	0
13	2023.07.17	21-112-071585	2023.04.14	Air Pollution Control Act, Article 40-3	When passing through the air quality maintenance zone designated by this city, the vehicle was found to have no record of clearing the emission inspection within the past year.	I Imposing Penalty based on Article 76-2 of Air Pollution Control Act	500	0

Item	Date of penalty	No. of penalty document	Violation time	Regulation Violated	Violation content	Penalty content	Fine amount	Compensation amount
14	2023.07.18	21-112-070356	2023.04.29	Air Pollution Control Act, Article 40-3	Entering the air quality maintenance zone of this city without obtaining a valid premium or equivalent self-management emblem.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	1,000	0
15	2023.07.25	21-112-071451	2023.01.04	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2022	Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
16	2023.07.25	21-112-071452	2023.01.04	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2022	Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
17	2023.07.25	21-112-071453	2023.01.04	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2022	I Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
18	2023.07.25	21-112-071454	2023.01.04	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2022	I Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
19	2023.07.25	21-112-071455	2023.01.04	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2022	Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
20	2023.07.19	21-112-071953	2023.03.15	Air Pollution Control Act, Article 40-3	When passing through the air quality maintenance zone designated by this city, the vehicle was found to have no record of clearing the emission inspection within the past year.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	500	0
21	2023.07.19	21-112-071954	2023.03.27	Air Pollution Control Act, Article 40-3	When passing through the air quality maintenance zone designated by this city, the vehicle was found to have no record of clearing the emission inspection within the past year.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	500	0

Item	Date of penalty	No. of penalty document	Violation time	Regulation Violated	Violation content	Penalty content	Fine amount	Compensation amount
22	2023.07.19	21-112-071952	2023.03.31	Air Pollution Control Act, Article 40-3	When passing through the air quality maintenance zone designated by this city, the vehicle was found to have no record of clearing the emission inspection within the past year.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	500	0
23	2023.07.21	21-112-070396	2023.05.09	Air Pollution Control Act, Article 40-3	Entering the air quality maintenance zone of this city without obtaining a valid premium or equivalent self-management emblem.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	1,000	0
24	2023.08.24	21-112-080380	2023.06.12	Air Pollution Control Act, Article 46-1	Failing to appear at the designated location for inspection within the specified period in accordance with the notification from our local Environmental Protection Bureau.	Imposing penalty based on Article 79 of Air Pollution Control Act	10,000	0
25	2023.08.31	21-112-080929	2023.07.01	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2023	I Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
26	2023.08.31	21-112-080930	2023.07.01	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2023	Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
27	2023.09.05	21-112-080024	2023.04.06	Air Pollution Control Act, Article 40-3	When passing through the air quality maintenance zone designated by this city, the vehicle was found to have no record of clearing the emission inspection within the past year.	Imposing Penalty based on Article 76-2 of Air Pollution Control Act	500	0
28	2023.10.27	21-112-220141	2023.07.13	Air Pollution Control Act, Article 36-1	The vehicle's exhaust opacity measured at 0.6m-1 during testing, exceeding the emission standards.	Imposing penalty based on Article 66-1-1 of Air Pollution Control Act	3,000	0
29	2023.11.23	21-112-119675	2023.08.01	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2023	Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0

Item	Date of penalty	No. of penalty document	Violation time	Regulation Violated	Violation content	Penalty content	Fine amount	Compensation amount
30	2023.11.23	21-112-119673	2023.08.01	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2023	Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
31	2023.11.23	21-112-119676	2023.08.01	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2023	Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
32	2023.11.23	21-112-119671	2023.08.01	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2023	Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
33	2023.11.23	21-112-119674	2023.08.01	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2023	Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
34	2023.11.30	21-112-231320	2023.09.01	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2023	Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
35	2023.11.27	21-112-110473	2023.08.22	Air Pollution Control Act, Article 40-3	Entering the air quality maintenance zone of this city without obtaining a valid premium or equivalent self-management mblem.	Imposing penalty based on Article 76-2 of Air Pollution Control Act	1,000	0
36	2023.11.23	21-112-119672	2023.08.01	Air Pollution Control Act, Article 44-1	Overdue for the regular emission inspection for air pollutants in 2023	Imposing penalty based on Article 80-1-1 of Air Pollution Control Act	500	0
37	2024.02.23	41-113-020130	2023.11.30	Waste Disposal Act, Article 27-1	Discarding of cigarette butts arbitrarily	Imposing Penalty based on Article 50-3 of Waste Disposal Act	1,200	0
38	2024.02.05	21-113-020090	2023.11.14	Air Pollution Control Act, Article 40-3	Entering the air quality maintenance zone of this city without obtaining a valid premium or equivalent self-management mblem.	Imposing penalty based on Article 76-2 of Air Pollution Control Act	1,000	0
39	2024.02.29	21-113-026348	2023.11.28	Air Pollution Control Act, Article 36-1	The vehicle's exhaust opacity measured at 1.8m-1 during testing, exceeding the emission standards.	Imposing penalty based on Article 66-1-1 of Air Pollution Control Act	3,000	0

Item	Date of penalty	No. of penalty document	Violation time	Regulation Violated	Violation content	Penalty content	Fine amount	Compensation amount
40	2024.02.29	21-113-026341	2023.10.03	Air Pollution Control Act, Article 36-1	The vehicle's exhaust opacity measured at 0.6m-1 during testing, exceeding the emission standards.	Imposing penalty based on Article 66-1-1 of Air Pollution Control Act	3,000	0
41	2024.02.29	21-113-026347	2023.11.07	Air Pollution Control Act, Article 36-1	The vehicle's exhaust opacity measured at 0.6m-1 during testing, exceeding the emission standards.	Imposing penalty based on Article 66-1-1 of Air Pollution Control Act	3,000	0

The company has been fined a total of NT\$73,100 for the above-mentioned violations of the Air Pollution Control Act and the Waste Disposal Act, and there are no other compensation amounts due to environmental issues.

Future countermeasures are as follows:

- 1.Implementing vehicle maintenance and repair operations and applying for the diesel vehicle self-management label from various county and city governments to maintain good vehicle conditions and reduce air pollution cases.
- 2.Gradually replacing third-phase environmentally friendly diesel engine trucks with those compliant with Phase VI environmental regulations, including diesel engine trucks, electric trucks, and electric motorcycles, to reduce air pollution cases and carbon emissions.

b. Major environmental capital expenditures for the next two years:

The company's services mainly involve route freight transportation and professional integrated logistics. Throughout its operations, there have been no incidents similar to other industries where large amounts of wastewater are discharged during production or high-decibel noise is generated, causing pollution to water quality, the environment, or noise. However, proactively committed to environmental protection and fulfilling corporate social responsibility, the company continues to implement the following initiatives:

- 1.Adhering to government environmental regulations and policies, the company will annually replace old vehicles with new ones, introducing electric trucks and electric motorcycles to achieve energy savings, carbon reduction, and air pollution reduction.
- 2.In line with energy-saving objectives, the company will introduce electric motorcycles and use products with energy-saving and environmentally friendly labels, as well as water-saving labels, to reduce energy consumption.
- 3.The company will use recycled paper to manufacture paper boxes and reusable logistics boxes, reduce the use of plastic bags, and minimize the environmental impact of plastic bags.



4. Each operating location will collaborate with legally permitted waste disposal facilities approved by local government agencies to prevent waste from being disposed of indiscriminately. The company will also enhance environmental awareness among personnel and will also mandate that all employees refrain from smoking, drinking alcohol, or chewing betel nuts during working hours to prevent violations of waste disposal laws.

## **E. Labor-Management Relations**

- a. The company's various employee welfare measures, 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 operations and create a favorable working environment for colleagues, the company has established an Employee Welfare Committee since 2007 to implement various welfare measures. These measures aim to enable employees to benefit from the company's business profits. The implementation status of these welfare measures is as follows:

(a) Company welfare initiatives:

1. Employee marriage and funeral subsidies
2. Group uniforms
3. Employee health check-ups
4. Employee remuneration
5. Year-end bonuses
6. Employee retirement pensions
7. Meal allowances
8. Provisions for labor insurance, health insurance, group insurance and labor retirement payments
9. Price-discount offers for employees to buy products from affiliated companies
10. Peak-season night snack allowance and summer beverages

(b) Employee welfare measures:

1. Birthday gifts
2. Marriage, funeral and other celebratory subsidies
3. Subsidies for staff group social gatherings/meals
4. Gifts for three major festivals

- (c) In accordance with the Company Law amended in May 2015 and the revised Articles of Incorporation approved by the shareholders' meeting in May 2016, the company formulates and implements reasonable employee welfare measures to appropriately reflect business performance or 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 virtues of employees and boost their qualities, professional capabilities and work efficiency, the company, apart from arranging pre-job training courses for new recruits upon their arrival and organizing various educational training programs for them, also conducts professional technical training based on different job functions and business requirements. This is aimed at enhancing their academic and technical skills in their respective roles to facilitate the accomplishment of missions.

## 3. Retirement system and its implementation

The company has established an employee retirement package in accordance with the regulations of the Labor Standards Act, allocating retirement pension reserve funds monthly based on the total salary of employees to the Bank of Taiwan's Labor Retirement Reserve Account. As the Labor Retirement Pension Act has been implemented since July 1, 2005, the company, in accordance with the new retirement pension regulations chosen by employees, also contributes 6% of each employee's monthly salary to his/her pension payment account at the Labor Insurance Bureau each month.

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

To maintain good labor-management relationships and safeguard the rights and interests of both sides, the company attaches great importance to labor-management harmony. Regarding various employee rights measures, the company first engages in bilateral communication and coordination with employees to reach consensus before implementation. Additionally, in May 2020, the company established an enterprise union to regularly hold labor-management meetings, aiming to enhance bilateral communication and promote a channel for constructive interaction between labor and management.

- 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 lossess cannot be reaonably estimated, then facts must be presented to explain why they cannot be done so.

### (1) Administrative penalties

Penalty imposers	Date of penalty	Penalty document codes	Regulations violated	Violation content	Penalty content
Taoyuan City Gov't	2023/09/23	2023 Taoyuan City Gov't Labor Inspection Document Code 1120266655	Labor Standards Act, Article 24-1	Extended working hours were not compensated according to regulations.	Fined NT\$ 150,000
Taoyuan City Gov't	2023/09/23	2023 Taoyuan City Gov't Labor Inspection Document Code 1120266655-2	Labor Standards Act, Article 32-2, Article 39	Extended working hours exceeding statutory regulations, regular holidays, rest days, days off specified in Article 37, and attendance on special holidays were not compensated	Fined NT\$ 15,000

Penalty imposers	Date of penalty	Penalty document codes	Regulations violated	Violation content	Penalty content
				according to regulations.	
Taichung City Gov't	2023/11/20	Taichung City Gov't Labor Inspection Document Code 1120333852	Labor Standards Act, Article 80	Failure to undergo labor inspection as required by regulations.	Fined NT\$ 30,000
Taipei City Gov't	2023/11/01	Taipei City Gov't Labor Document Code 11260353181	Labor Standards Act, Article 39, Article 24-1, Article 24-2	Holiday pay was not provided, or working on holidays was not appropriately compensated as per regulations. Extended working hours were not given additional pay according to regulations. Wages for work on rest days were not provided in accordance with the law.	Fined NT\$ 500,000
Yunlin County Gov't	2023/02/07	2023 Yunlin County Gov't Labor I Document Code 1123406874	Labor Standards Act, Article 24	The employer did not pay overtime wages as required by regulations.	Fined NT\$70,000
Keelung City Gov't	2023/08/15	Keelung City Gov't Social Penalty II Document Code 1120237527	Labor Standards Act Article 24, Article 30-6, Article 39	Employees working on rest days were not paid according to regulations; attendance records were not kept daily to the minute; and the employer failed to pay wages for employees' scheduled days off.	Fined NT\$120,000
Tainan City Gov't	2023/04/27	Tainan City Gov't Labor Safety Document Code 1120509577	Labor Standards Act, Article 24, Article 39	Failure to calculate overtime pay for employees as stipulated. Failure to calculate additional pay for Keeemployees working on holidays as stipulated	Fined NT\$ 100,000
Tainan City Gov't	2023/02/10	Tainan City Gov't Labor Safety Document Code 1120188039	Labor Standards Act, Article 24, Article 39	Failure to calculate overtime pay for employees as stipulated. Failure to provide holiday pay or failure to provide the stipulated additional pay for working on holidays.	Fined NT\$ 150,000
Tainan City Gov't	2023/02/03	Tainan City Gov't Labor Safety Document Code 1120141305	Labor Standards Act, Article 24, Article 39	Failure to calculate overtime pay for employees as stipulated. Failure to provide holiday pay or failure to provide the stipulated additional pay for working on holidays.	Fined NT\$ 100,000
Kaohsiung City Gov't	2023/01/10	Kaohsiung City Gov't Labor Inspection Document Code 11230177400	Labor Standards Act, Article 24, Article 80	Failure to provide the stipulated additional pay for extended working hours.	Fined NT\$ 80,000
Pingtung City Gov't	2023/03/15	Pingtung City Gov't Labor Info Document Code 1120879500	Labor Standards Act, Article 24	Failure to provide the stipulated additional pay for extended working hours.	Fined NT\$50,000

## (2) Labor disputes

The company has received a legal opinion from a law firm regarding a mediation and overtime pay dispute initiated by the labor union. This case is currently undergoing mediation and adjudication in court. Since the determination of facts and the final legal judgment are not yet clear, it is not possible to estimate the amount reasonably. Currently, we are reducing occupational incidents through occupational safety training and annual health check-ups, as well as controlling working hours and on-site management to minimize employee overtime.

## F. Information Security Management

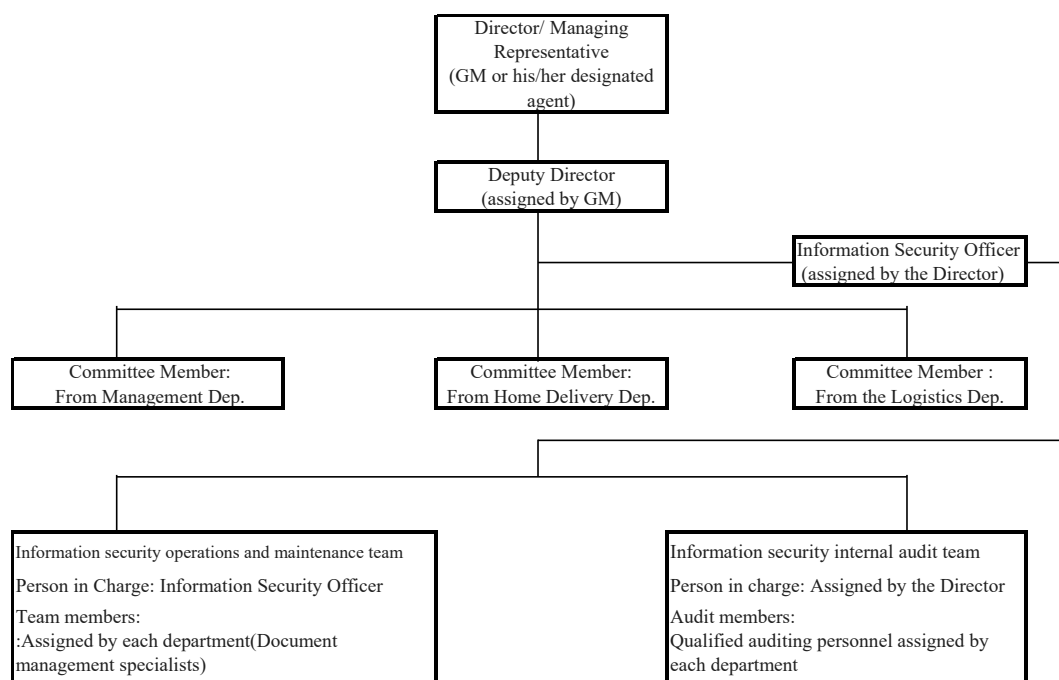
### a. Framework for information and communication security risk management

#### 1. Information security governance framework

Taiwan Pelican Express established an Information Security Committee in 2010, responsible for promoting information security operations. The company continues to follow the provisions of the ISO management system, regularly reviewing information security policies, promoting their implementation, and reporting annual execution results to the Information Security Committee.

#### 2. Information security organizational structure

At the end of 2023, the position of Chief Information Security Officer (CISO) was established, and the company's General Manager appointed his agent to serve as the Director of the Information Security Committee.



## b. Information and communication security policies

### 1. Information security policy

The company's information security organization is committed to effectively implementing information security management, establishing a comprehensive information security management system, and continuously obtaining international information security management system ISO certification. These efforts are aimed at reducing enterprise information security threats from system, technical, and procedural perspectives, safeguarding the confidentiality, integrity, and availability of the company's important information assets. In addition, annual supervision and audits are conducted to ensure the continuous effectiveness of security regulations and prevent information leakages.

### 2. Information security risk management and continuous framework improvement, specific management plans, and resources injection

The information security operations and maintenance team conducts annual risk assessments on information security and system assets, focusing on aspects such as confidentiality, integrity, likelihood, and regulatory compliance. For high-risk items, appropriate control mechanisms and response measures are established. Additionally, business exercise plans are formulated for core information systems and new equipment, with operational rehearsals scheduled annually to manage various business risks.

## c. Concrete management initiatives

In order to fulfill the information security policy and objectives and establish a comprehensive information security protection, the following specific management items and concrete management initiatives will be promoted:

1. Cybersecurity: Implementing advanced technology to conduct computer scans and system updates, and strengthening network firewalls and network controls to prevent the spread of computer viruses.
2. Device security: Establishing company-wide antivirus mechanisms to prevent the entry of malicious software into the company. Implementing endpoint antivirus measures according to the types of computer, and strengthening detection of malicious software behaviors.
3. Application security: Formulating application security rules, evaluation criteria, and improvement goals for the development process. Continuously enhancing application security control mechanisms and integrating them into the development process and platform.
4. Information security: Establishing a self-assessment mechanism for information security protection and regularly conveying the latest information security regulations and precautions within the company.
5. Data security protection technology enhancement: Conducting information protection operations by classifying data to grade document confidentiality and protect data.

Implementing document and data encryption controls and effective tracking, and monitoring incoming and outgoing emails.

d. Allocation of resources for information security management:

Information security has become a critical issue for company operations. The following are the corresponding information security management issues and resources allocation plans:

- 1.Dedicated organization: The "Information Security Committee" has been established to formulate information security and personal data protection policies, stabilize their operations, and maintain and continuously strengthen information security.
- 2.Security certification: Continuously passing the ISO27001:2013 Information Security Management Certification. The latest valid certification period is from August 18, 2022 to August 18, 2025, with no significant deficiencies found in related security audits.
- 3.Customer satisfaction: No significant security incidents have occurred, and there have been no complaints of customer data loss.
- 4.Education and training: All new employees have completed information security education and training courses. Information security education and training, as well as assessments, are conducted regularly every year.

e. Information security risks and countermeasures

To strengthen information security management and ensure the confidentiality, integrity, and availability of information, as well as the reliability of information equipment and network systems, the company has formulated information security policies within the corporate regulations as guidelines for information security risk management. At the same time, under the framework of information security risk management, the company also continuously implements measures such as intrusion prevention systems, email anti-spam systems, endpoint antivirus systems, data encryption protection, enhanced email detection, and social engineering exercises to gradually optimize information security protection. The company also regularly conducts drills for data backup systems and disaster recovery mechanisms to prevent various emerging risks and attacks from affecting business operations.

f. The losses incurred, potential impacts, and response measures associated with significant information security incidents up to the latest fiscal year and as of the printing date of the annual report are disclosed. If the losses cannot be reasonably estimated, facts should be provided to explain why estimation is not possible.

As of the end of 2023 and up to the printing date of the annual report, there were no significant losses in corporate operations or business reputation due to information security incidents. Regarding the reporting and handling of security incidents, the company has clearly formulated the "Information Security Incident Reporting Procedures and Regulations," including responsibilities, incident classification, reporting procedures, handling evaluation, and decision-making. Information units are required to eliminate and resolve information security incidents within the target processing time, conduct root cause

analysis and take corrective measures after the incident is settled, and strengthen information technology security

## G. Major 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.	2023.9.01~2024.8.31	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	SunShine Textile Enterprise Co., Ltd.	202311.01~2024.10.31	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.	2023.04.12~2028.04.11	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

Year Item		Financial data in recent five years					Financial data of current years of March 31, 2024 (note 1)
		2019	2020	2021	2022	2023	
Liquid assets		1,746,630	1,707,494	1,845,069	1,819,417	1,676,843	Note 2
Property, plant, and equipment		556,198	620,105	648,336	682,860	611,982	
Intangible assets		6,444	2,864	2,169	7,119	10,165	
Other assets		1,269,795	1,509,691	2,511,620	2,057,901	2,046,841	
Total assets		3,579,067	3,840,154	5,007,194	4,567,297	4,345,831	
Liquid liabilities	Before distribution	871,478	965,866	1,112,795	1,164,728	995,269	
	After distribution	986,038	1,137,707	1,313,276	1,307,929	( note 1 )	
Non-liquid liabilities		978,339	890,016	1,143,572	1,204,261	1,125,474	
Total liabilities	Before distribution	1,849,817	1,855,882	2,256,367	2,368,989	2,120,743	
	After distribution	1,964,377	2,027,723	2,456,848	2,512,190	( note 1 )	
Equity ownership of parent company		1,729,250	1,984,272	2,750,827	2,198,308	2,225,088	
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	425,623	516,495	577,208	562,924	512,667	
	After distribution	311,063	344,654	376,727	419,723	( note 1 )	
Other components of equity		48,875	213,025	918,867	380,632	457,669	
Treasury stock		-	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	1,729,250	1,984,272	2,750,827	2,198,308	2,225,088	
	After distribution	1,614,690	1,812,431	2,550,346	2,055,107	( note 1 )	

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

Note 1: The profit distribution proposal for the fiscal year 2023 has been approved by the Board of Directors but has not yet been resolved by the shareholders' meeting.

Note 2: 2024 financial data has not yet to be reviewed by certified public accountants as of the date of the



printing of the annual report.

2. Brief consolidated balance sheet--International Financial Reporting Standards (IFRSs)

Unit: NT\$1,000

Item \ Year		Financial data in recent five years					Financial data of current year as of March 31, 2024
		2019	2020	2021	2022	2023	
Liquid assets		1,749,165	1,715,232	1,856,384	1,829,560	1,685,499	Note 2
Property, plant, and equipment		556,224	620,105	648,336	682,860	611,982	
Intangible assets		6,444	2,864	2,169	7,119	10,165	
Other assets		1,267,452	1,502,206	2,503,568	2,051,443	2,039,889	
Total assets		3,579,285	3,840,407	5,010,457	4,570,982	4,347,535	
Liquid liabilities	Before distribution	871,696	966,119	1,116,058	1,168,495	996,973	
	After distribution	986,256	1,137,960	1,316,539	1,311,696	( note 1 )	
Non-liquid liabilities		978,339	890,016	1,143,572	1,204,179	1,125,474	
Total liabilities	Before distribution	1,850,035	1,856,135	2,259,630	2,372,674	2,122,447	
	After distribution	1,964,595	2,027,976	2,460,111	2,515,875	( note 1 )	
Equity ownership of parent company		1,729,250	1,984,272	2,750,827	2,198,308	2,225,088	
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	425,623	516,495	577,208	562,924	512,667	
	After distribution	311,063	344,654	376,727	419,723	( note 1 )	
Other components of equity		48,875	213,025	918,867	380,632	457,669	
Treasury stock		-	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	1,729,250	1,984,272	2,750,827	2,198,308	2,225,088	
	After distribution	1,614,690	1,812,431	2,550,346	2,055,107	( note 1 )	

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

Note 1: The profit distribution proposal for the fiscal year 2023 has been approved by the Board of Directors but has not yet been resolved by the shareholders' meeting.

Note 2: 2024 financial data has not yet to be reviewed by certified public accountants as of the date of the printing of the annual report.

3. Brief individual balance sheet-- Enterprise Accounting Standard: not applicable

4. Brief consolidated balance sheet-- Enterprise 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					Financial data of current year as of March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenue	3,712,520	3,983,309	4,447,249	4,483,137	4,168,587	Note 1
Operating gross profit	616,929	685,203	749,468	669,517	552,440	
Operating income	204,833	245,284	284,314	204,323	106,486	
Non-operating revenue and expenses	(3,007)	12,339	12,189	11,704	9,102	
Pretax net profit	201,826	257,623	296,503	216,027	115,588	
Current net profit of continuing operations	161,608	209,015	240,501	176,442	94,496	
Loss of discontinued operations	-	-	-	-	-	
Current net profit (loss)	161,608	209,015	240,501	176,442	94,496	
Other current comprehensive income (after-tax net value)	45,113	160,567	697,895	(528,480)	75,579	
Total current comprehensive income	206,721	369,582	938,396	(352,038)	170,075	
Net income attributed to shareholders of the parent company	161,608	209,015	240,501	176,442	94,496	
Net income attributed to non-controlling interests	-	-	-	-	-	
Comprehensive income attributed to shareholders of the parent company	206,721	369,582	938,396	(352,038)	170,075	
Comprehensive income attributed to non-controlling interests	-	-	-	-	-	
Earnings per share (NT\$)	1.69	2.19	2.52	1.85	0.99	

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

Note 1: 2024 financial data has not yet to be reviewed by certified 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, 2024
	2019	2020	2021	2022	2023	
Operating revenue	3,712,520	3,983,309	4,466,137	4,509,706	4,188,461	Note 1
Operating gross profit	616,929	685,203	752,937	673,625	555,426	
Operating income	204,287	244,755	284,516	204,185	107,081	
Non-operating revenue and expenses	(2,461)	12,868	11,999	12,022	8,507	
Pretax net profit	201,826	257,623	296,515	216,207	115,588	
Current net profit of continuing operations	161,608	209,015	240,501	176,442	94,496	
Loss of discontinued operations	-	-	-	-	-	
Current net profit (loss)	161,608	209,015	240,501	176,442	94,496	
Other current comprehensive income (after-tax net value)	45,113	160,567	697,895	(528,480)	75,579	
Total current comprehensive income	206,721	369,582	938,396	(352,038)	170,075	
Net income attributed to shareholders of the parent company	161,608	209,015	240,501	176,442	94,496	
Net income attributed to non-controlling interests	-	-	-	-	-	
Comprehensive income attributed to shareholders of the parent company	206,721	369,582	938,396	(352,038)	170,075	
Comprehensive income attributed to non-controlling interests	-	-	-	-	-	
Earnings per share (NT\$)	1.69	2.19	2.52	1.85	0.99	

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

Note 1: 2024 financial data has not yet to be reviewed by certified public accountants as of the date of the printing of the annual report.

3. Brief individual comprehensive income statement-- Enterprise Accounting Standard: not applicable

4. Brief consolidated comprehensive income statement-- Enterprise Accounting Standard: not applicable

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

Year	Name of accounting firm	CPA name	Auditing 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
2023	PwC Taiwan	Hsu Min-chuan, 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, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets ratio (%)	51.68	48.33	45.06	51.87	48.80	Note 1
	Long-term fund to property, plant, and equipment ratio (%)	486.80	463.52	600.68	498.28	547.49	
Debt repayment ability%	Current ratio (%)	200.42	176.78	165.80	156.21	168.48	
	Quick ratio (%)	196.62	173.71	162.47	152.53	165.91	
	Times interest earned	-	-	-	-	-	
Operating performance	Average collection turnover (times)	6.80	6.73	6.47	6.01	5.73	
	Average collection days	53.68	54.23	56.41	60.73	63.70	
	Inventory turnover (times)	18.73	21.75	20.61	18.29	16.63	
	Average payable turnover (times)	11.36	11.83	11.67	10.54	9.20	
	Average days of sales	19.49	16.78	17.71	19.96	21.94	
	Turnover of property, plant, and equipment	6.63	6.77	7.01	6.74	6.44	
	Total assets turnover (times)	1.25	1.07	1.01	0.94	0.94	
Earnings power	Return on assets (%)	5.88	5.95	5.73	4.00	2.47	
	Return on equity (%)	9.67	11.26	10.16	7.13	4.27	
	Pretax net profit to paid-in capital ratio (%) (note 6)	21.14	26.99	31.06	22.63	12.11	
	Net profit rate (%)	4.35	5.25	5.41	3.94	2.27	
	Earnings per share (NT\$)	1.69	2.19	2.52	1.85	0.99	
Cash flow	Cash flow ratio ( % )	54.34	49.25	42.1	43.82	29.96	
	Cash flow adequacy ratio (%)	97.31	125.61	132.03	148.43	175.52	
	Cash flow reinvestment ratio (%)	17.17	15.03	11.87	12.29	6.14	
Leverage	Operating leverage	1.51	2.03	1.92	2.53	3.91	
	Financial leverage	1.09	1.06	1.06	1.10	1.22	
Items of financial ratios with change exceeding 20% in recent two years and major reasons for the change:							
1. Return on 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.							
3. Cash flow ratio and cash flow reinvestment ratio dropped, due to decline in the year's profits, dampening operating net cash flow.							

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

Note 1: 2024 financial data has not yet to be reviewed 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) Average Collection Turnover = Net Sales / Average Trade Receivables
  - (2) Days Sales Outstanding = 365 / Average Collection Turnover
  - (3) Average Inventory Turnover = Cost of Sales / Average Inventory
  - (4) Average Inventory Turnover Days = 365 / Average Inventory Turnover
  - (5) Average Payment Turnover = Cost of Sales / Average Trade 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

Analysis items \ Year		Financial analysis for recent five years					Current year as of March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets ratio (%)	51.69	48.33	45.10	51.91	48.82	Note 1
	Long-term fund to property, plant, and equipment ratio (%)	486.78	463.52	600.68	498.27	547.49	
Debt repayment ability (%)	Current ratio (%)	200.66	177.54	166.33	156.57	169.06	
	Quick ratio (%)	196.86	174.46	162.95	152.87	166.46	
	Times interest earned	-	-	-	-	-	
Operating performance	Average collection turnover (times)	6.80	6.73	6.48	6.02	5.72	
	Average collection days	53.68	54.23	56.33	60.63	63.81	
	Inventory turnover (times)	18.73	21.75	20.61	18.29	16.63	
	Average payable turnover (times)	11.36	11.83	11.72	10.60	9.24	
	Average days of sales	19.49	16.78	17.71	19.96	21.94	
	Turnover of property, plant, and equipment	6.63	6.77	7.04	6.78	6.47	
	Total assets turnover (times)	1.25	1.07	1.01	0.94	0.94	
Earnings power	Return on assets (%)	5.86	5.95	5.73	4.00	2.46	
	Return on equity (%)	9.67	11.26	10.16	7.13	4.27	
	Pretax net profit to paid-in capital ratio (%) (note 6)	21.14	26.99	31.06	22.65	12.11	
	Net profit rate (%)	4.35	5.25	5.38	3.91	2.26	
	Earnings per share (NT\$)	1.69	2.19	2.52	1.85	0.99	
Cash flow	Cash flow ratio ( % )	54.27	49.23	41.57	44.00	29.63	
	Cash flow adequacy ratio (%)	97.93	123.91	131.27	148.36	169.93	
	Cash flow reinvestment ratio (%)	17.13	15.03	11.69	12.44	6.03	
Leverage	Operating leverage	1.51	2.03	1.92	2.53	3.89	
	Financial leverage	1.09	1.06	1.06	1.10	1.22	
Items of financial ratios with change exceeding 20% in recent two years and major reasons for the change:							
1. Return on 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.							
3. Cash flow ratio and cash flow reinvestment ratio dropped, due to decline in the year's profits, dampening operating net cash flow.							

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

Note 1: 2024 financial data has not yet to be reviewed 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)Average Collection Turnover = Net Sales / Average Trade Receivables
  - (2)Days Sales Outstanding = 365 / Average Collection Turnover

- (3)Average Inventory Turnover = Cost of Sales / Average Inventory
- (4)Average Inventory Turnover Days = 365 / Average Inventory Turnover
- (5)Average Payment Turnover = Cost of Sales / Average Trade 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--Enterprise Accounting Standard: not applicable.

4. Consolidated financial analysis for recent five years -- Enterprise Accounting Standard: not applicable.

**C. Auditing report of the auditing commission on the financial report of the latest year**

**Inspection Report of Audit Committee**

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

The Audit Committee has duly inspected and approved the financial statements for 2023 (including consolidated financial statements), the business report and proposed profit distribution plan prepared and proposed by the Board of Directors, with the financial statements having been audited and certified by Pricewaterhouse Coopers, hereby submit this report pursuant to Article 14 of Securities and Exchange Act and Article 219 of the Company Act

**To**

**General Shareholders' Meeting, 2024**

**Taiwan Pelican Express Co., Ltd.**

Audit Committee Convener : LIN, WAN-YING

*Wan-Ying Lin*

Date: February 26<sup>th</sup>, 2024



## **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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 2023 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 2023 consolidated financial statements are stated as follows:

#### **Accuracy in recognition of service revenue**

##### Description

Refer to Note 4(23) for accounting policies applied on operating revenue, Note 6(14) for details of operating revenue.

For the year ended December 31, 2023, the Group's consolidated operating revenue was NT\$4,188,461 thousand. The Group's revenue mainly arose from home delivery revenue, logistic revenue and sales revenue. Additionally, home delivery revenue and logistic revenue are classified as service revenue and represents approximately 94% of the Group's operating income. Revenue is recognized based on the scope of services performed. Due to the level of service performance and related calculations involve a certain degree of judgment and estimation, it has a significant impact on the consolidated financial statements. Thus, 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 service revenue.

2. Performed substantive test on samples of service revenue to obtain transaction documents to confirm that the service has been provided, checked the invoice to verify that the content of service has been properly recorded and confirmed that the transaction has been recognized in the current period.
3. Obtained and assessed the calculation method used by management to evaluate the level of service performance at the end of the period and evaluated whether the method is appropriate.
4. Obtained information from actual customers after the period to confirm that the company has completed the performance of labor services to verify the reasonableness of management's assessment of the performance of labor services at the end of the period.

***Other matter – Parent company only financial statements***

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, 2023 and 2022.

***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.

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Hsu, Ming-Chuan

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Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2024

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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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 927,500	21	\$ 1,050,531	23
1150	Notes receivable, net	6(3)	22,585	1	14,204	-
1160	Notes receivable - related parties	7	423	-	68,256	2
1170	Accounts receivable, net	6(3)	545,595	13	530,850	12
1180	Accounts receivable - related parties	7	153,012	4	113,488	2
1200	Other receivables		10,282	-	8,880	-
1210	Other receivables - related parties	7	129	-	83	-
130X	Inventories	6(4)	11,240	-	14,596	-
1410	Prepayments		14,696	-	28,672	1
1470	Other current assets		37	-	-	-
11XX	Current Assets		1,685,499	39	1,829,560	40
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	731,787	17	654,476	14
1600	Property, plant and equipment	6(5) and 7	611,982	14	682,860	15
1755	Right-of-use assets	6(6) and 7	1,200,933	28	1,289,007	28
1780	Intangible assets	6(7) and 7	10,165	-	7,119	-
1840	Deferred income tax assets	6(21)	22,402	-	21,543	1
1900	Other non-current assets	8	84,767	2	86,417	2
15XX	Non-current assets		2,662,036	61	2,741,422	60
1XXX	Total assets		\$ 4,347,535	100	\$ 4,570,982	100

(Continued)

TAIWAN PELICAN EXPRESS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2150	Notes payable		\$ 357	-	\$ 621	-
2160	Notes payable - related parties	7	967	-	1,486	-
2170	Accounts payable		364,208	8	408,671	9
2180	Accounts payable - related parties	7	9,165	-	743	
2200	Other payables	6(8)	421,026	10	538,040	12
2220	Other payables - related parties	7	2,266	-	4,437	-
2230	Current income tax liabilities	6(21)	540	-	11,256	-
2250	Current provisions		3,530	-	-	-
2280	Current lease liabilities	7	174,240	4	175,710	4
2300	Other current liabilities		20,674	1	27,531	1
21XX	Current Liabilities		996,973	23	1,168,495	26
Non-current liabilities						
2580	Non-current lease liabilities	7	1,092,502	25	1,173,108	25
2600	Other non-current liabilities	6(9)	32,972	1	31,071	1
25XX	Non-current liabilities		1,125,474	26	1,204,179	26
2XXX	Total Liabilities		2,122,447	49	2,372,674	52
Equity attributable to owners of parent						
	Share capital	6(10)				
3110	Share capital - common stock		954,670	22	954,670	21
	Capital surplus	6(11)				
3200	Capital surplus		300,082	7	300,082	7
	Retained earnings	6(12)				
3310	Legal reserve		174,674	4	156,054	3
3350	Unappropriated retained earnings		337,993	8	406,870	9
	Other equity interest	6(13)				
3400	Other equity interest		457,669	10	380,632	8
31XX	Equity attributable to owners of the parent		2,225,088	51	2,198,308	48
3XXX	Total equity		2,225,088	51	2,198,308	48
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		\$ 4,347,535	100	\$ 4,570,982	100



TAIWAN PELICAN EXPRESS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Revenue	6(14) and 7		\$ 4,188,461	100	\$ 4,509,706	100
5000 Operating costs	6(4)(19)(20) and 7	(	3,633,035)	( 87)	( 3,836,081)	( 85)
5900 Net operating margin			555,426	13	673,625	15
Operating expenses	6(19)(20) and 7					
6100 Selling expenses		(	20,189)	-	( 26,878)	-
6200 General and administrative expenses		(	428,201)	( 10)	( 442,891)	( 10)
6450 Expected credit impairment gains			45	-	329	-
6000 Total operating expenses		(	448,345)	( 10)	( 469,440)	( 10)
6900 Operating profit			107,081	3	204,185	5
Non-operating income and expenses						
7100 Interest income	6(15)		8,133	-	4,382	-
7010 Other income	6(16) and 7		32,336	1	29,724	1
7020 Other gains and losses	6(17)	(	12,718)	-	( 3,110)	-
7050 Finance costs	6(18) and 7	(	19,244)	( 1)	( 18,974)	( 1)
7000 Total non-operating income and expenses			8,507	-	12,022	-
7900 Profit before income tax			115,588	3	216,207	5
7950 Income tax expense	6(21)	(	21,092)	( 1)	( 39,765)	( 1)
8200 Profit for the year			\$ 94,496	2	\$ 176,442	4
Other comprehensive (loss) income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311 (Losses) gains on remeasurements of defined benefit plans	6(9)	( \$	1,940)	-	\$ 12,193	-
8316 Unrealised gains (losses) from investment in equity instruments measured at fair value through other comprehensive income	6(2)(13)		77,311	2	( 538,927)	( 12)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)		388	-	( 2,438)	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations	6(13)	(	224)	-	865	-
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(13)(21)		44	-	( 173)	-
8300 Total other comprehensive income (loss) for the year			\$ 75,579	2	( \$ 528,480)	( 12)
8500 Total comprehensive income (loss) for the year			\$ 170,075	4	( \$ 352,038)	( 8)
Profit attributable to:						
8610 Owners of the parent			\$ 94,496	2	\$ 176,442	4
Comprehensive income (loss) attributable to:						
8710 Owners of the parent			\$ 170,075	4	( \$ 352,038)	( 8)
Basic earnings per share	6(22)					
9750 Total basic earnings per share			\$ 0.99		\$ 1.85	
Diluted earnings per share	6(22)					
9850 Total diluted earnings per share			\$ 0.99		\$ 1.85	

TAIWAN PELICAN EXPRESS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
		Capital surplus			Retained earnings		Other equity interest		
							Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Legal reserve	Unappropriated retained earnings				Total equity
Year ended December 31, 2022									
	\$ 954,670	\$ 300,031	\$ 51	\$ 132,798	\$ 444,410	(\$ 459 )	\$ 919,326	\$ 2,750,827	
	-	-	-	-	176,442	-	-	176,442	
Other comprehensive income (loss) for 6(2)(13)(21) the year	-	-	-	-	9,755	692	( 538,927 )	( 528,480 )	
Total comprehensive income (loss)	-	-	-	-	186,197	692	( 538,927 )	( 352,038 )	
Distribution of 2021 retained earnings 6(12)									
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	
Year ended December 31, 2023									
	\$ 954,670	\$ 300,031	\$ 51	\$ 156,054	\$ 406,870	\$ 233	\$ 380,399	\$ 2,198,308	
	-	-	-	-	94,496	-	-	94,496	
Other comprehensive income (loss) for 6(2)(13)(21) the year	-	-	-	-	( 1,552 )	( 180 )	77,311	75,579	
Total comprehensive income (loss)	-	-	-	-	92,944	( 180 )	77,311	170,075	
Distribution of 2022 retained earnings 6(12)									
Legal reserve	-	-	-	18,620	( 18,620 )	-	-	-	
Cash dividends	-	-	-	-	( 143,201 )	-	-	( 143,201 )	
Disposal of subsidiary company 6(13)	-	-	-	-	-	( 94 )	-	( 94 )	
Balance at December 31, 2023	\$ 954,670	\$ 300,031	\$ 51	\$ 174,674	\$ 337,993	(\$ 41 )	\$ 457,710	\$ 2,225,088	

TAIWAN PELICAN EXPRESS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 115,588	\$ 216,207
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment gain	12(2)	( 45 )	( 329 )
Provision for decline in market value and obsolescence of inventories	6(5)	327	73
Depreciation expense	6(5)(6)(19)	304,374	311,587
Amortization expense	6(7)(19)	5,284	1,185
Loss on disposal of property, plant and equipment	6(17)	1,669	716
Gain on disposal of investments	6(17)	( 200 )	-
Interest expense	6(18)	19,244	18,974
Interest income	6(15)	( 8,133 )	( 4,382 )
Dividends income	6(16)	( 21,346 )	( 17,302 )
Other gains and losses		3,132	( 388 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 8,379 )	26,885
Notes receivable-related parties		67,833	9,662
Accounts receivable		( 14,702 )	( 9,100 )
Accounts receivable-related parties		( 39,524 )	668
Other receivables		( 1,441 )	1,068
Other receivables-related parties		( 46 )	157
Inventories		3,029	( 2,095 )
Prepayments		16,586	( 3,509 )
Other current assets		( 37 )	-
Changes in operating liabilities			
Notes payable		( 264 )	( 179 )
Notes payable-related parties		( 519 )	1,393
Accounts payable		( 44,463 )	57,635
Accounts payable - related parties		8,422	( 359 )
Other payables		( 99,180 )	8,611
Other payables-related parties		( 2,171 )	( 3,963 )
Other current liabilities		( 6,857 )	8,988
Net defined benefit liability		10	( 21 )
Cash inflow generated from operations		298,191	622,182
Interest received		8,172	4,425
Dividends received		21,346	17,302
Income taxes paid		( 32,211 )	( 60,506 )
Interest paid		( 80 )	( 37 )
Net cash flows from operating activities		295,418	583,366

(Continued)

TAIWAN PELICAN EXPRESS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(23)	(\$ 58,639 )	(\$ 168,238 )
Acquisition of intangible assets	6(7)	( 8,330 )	( 6,135 )
Proceeds from disposal of property, plant and equipment		656	607
Increase in refundable deposits		1,649	( 2,174 )
Net cash flows used in investing activities		( 64,664 )	( 175,940 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Cash dividends paid	6(12)	( 143,201 )	( 200,481 )
Payments of lease liabilities	6(24)	( 210,310 )	( 210,610 )
Decrease in deposit received	6(24)	( 50 )	( 501 )
Net cash flows used in financing activities		( 353,561 )	( 411,592 )
Effect of exchange rate changes on cash and cash equivalents		( 224 )	865
Net decrease in cash and cash equivalents		( 123,031 )	( 3,301 )
Cash and cash equivalents at beginning of year		1,050,531	1,053,832
Cash and cash equivalents at end of year		\$ 927,500	\$ 1,050,531

TAIWAN PELICAN EXPRESS CO., LTD.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

(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 33.38% 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 authorized for issuance by to the Board of Directors on February 26, 2024.

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<sup>®</sup>”) Accounting Standards 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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 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.

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	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.

(3) IFRSs Accounting Standards 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 Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
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 21, 'Lack of exchangeability'	January 1, 2025

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<sup>®</sup> Interpretations, and SIC<sup>®</sup> 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, 2023	December 31, 2022	
Taiwan Pelican Express Co., Ltd.	Pelecanus Express Pte. Ltd.	Investing in overseas	0	100	Note
Taiwan Pelican Express Co., Ltd.	Pelican Express (Vietnam) Co., LTD	Warehouse storage service	100	100	None

Note : Pelecanus Expresss Pte. Ltd. has completed dissolution process on April 1, 2023. As of the dissolution date, the group lost control over the company and ceased to include it in the consolidated financial statements.

- 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 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.

(8) 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.

(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 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.

(10) Derecognition of financial assets

The Group 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) 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	1 to 8 years
Machinery and equipment	15 years
Other equipment	1 to 10 years
Leasehold improvements	1 to 16 years

(13) 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.

(14) Intangible assets

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

(15) 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.

(16) 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.

(17) Derecognition of financial liabilities

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

(18) 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.

(19) 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.

(20) 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.

(21) 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.

(22) 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.

(23) 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.

(24) 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, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 1,976	\$ 269
Checking accounts and demand deposits	409,574	664,262
Time deposits	<u>515,950</u>	<u>386,000</u>
Total	<u>\$ 927,500</u>	<u>\$ 1,050,531</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 identified certain time deposits amounting to \$32,180 and \$34,698 as at December 31, 2023 and 2022, that were classified as non-current assets – time deposits due to the restriction for the Company's collateral for performance guarantee. Information relating to pledged assets is provided in Note 8.

### (2) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 249,331	\$ 249,331
Unlisted stocks	<u>24,746</u>	<u>24,746</u>
Subtotal	274,077	274,077
Valuation adjustment	<u>457,710</u>	<u>380,399</u>
Total	<u>\$ 731,787</u>	<u>\$ 654,476</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 \$731,787 and \$654,476 as at December 31, 2023 and 2022, 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, 2023</u>	<u>For the year ended December 31, 2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 77,311</u>	<u>(\$ 538,927)</u>
Dividend income recognised in profit or loss		
Held at end of period	<u>\$ 21,346</u>	<u>\$ 17,302</u>



- C. As at December 31, 2023 and 2022, 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 \$731,787 and \$654,476 respectively.

(3) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 22,613	\$ 14,234
Less: Allowance for bad debt	( 28)	( 30)
	<u>\$ 22,585</u>	<u>\$ 14,204</u>
Accounts receivable	\$ 553,129	\$ 538,427
Less: Allowance for bad debt	( 7,534)	( 7,577)
	<u>\$ 545,595</u>	<u>\$ 530,850</u>

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

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	<u>\$ 22,060</u>	<u>\$ 517,610</u>	<u>\$ 13,768</u>	<u>\$ 504,348</u>
Past due				
Up to 30 days	525	24,348	436	24,653
31 to 90 days	-	2,344	-	1,513
Over 91 days	-	1,293	-	336
Subtotal	<u>525</u>	<u>27,985</u>	<u>436</u>	<u>26,502</u>
Total	<u>\$ 22,585</u>	<u>\$ 545,595</u>	<u>\$ 14,204</u>	<u>\$ 530,850</u>

The above ageing analysis was based on past due date.

- B. As at December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$562,510.
- C. The Group has no notes and accounts receivable pledged to others.
- D. As at December 31, 2023 and 2022, 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 \$22,585 and \$14,204 ; \$545,595 and \$530,850 respectively.
- E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(4) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Carrying amount
Merchandise inventory	<u>\$ 12,022</u>	<u>(\$ 782)</u>	<u>\$ 11,240</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Carrying amount
Merchandise inventory	<u>\$ 15,051</u>	<u>(\$ 455)</u>	<u>\$ 14,596</u>

The cost of inventories recognised as expense for the year:

Year ended December 31		
	2023	2022
Cost of goods sold	\$ 225,094	\$ 248,414
Loss on decline in market value	327	73
	<u>\$ 225,421</u>	<u>\$ 248,487</u>

(5) 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, 2023							
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>
2023							
At January 1	\$ 511,799	\$ 22,546	\$ 91,947	\$ 19,591	\$ 20,599	\$ 16,378	\$ 682,860
Additions	4,122	1,057	229	2,177	3,273	30,031	40,889
Disposal - cost	( 52,217)	( 2,662)	-	( 4,349)	-	-	( 59,228)
Disposal - Accumulated depreciation and impairment	50,102	2,484	-	4,317	-	-	56,903
Depreciation charge	( 74,431)	( 8,254)	( 8,969)	( 8,804)	( 6,374)	-	( 106,832)
Reclassifications	<u>10,254</u>	<u>-</u>	<u>-</u>	<u>305</u>	<u>-</u>	<u>( 13,169)</u>	<u>( 2,610)</u>
At December 31	<u>\$ 449,629</u>	<u>\$ 15,171</u>	<u>\$ 83,207</u>	<u>\$ 13,237</u>	<u>\$ 17,498</u>	<u>\$ 33,240</u>	<u>\$ 611,982</u>
At December 31, 2023							
Cost	\$ 1,139,345	\$ 222,739	\$ 134,251	\$ 84,795	\$ 137,750	\$ 33,240	\$ 1,752,120
Accumulated depreciation and impairment	( 689,716)	( 207,568)	( 51,044)	( 71,558)	( 120,252)	-	( 1,140,138)
	<u>\$ 449,629</u>	<u>\$ 15,171</u>	<u>\$ 83,207</u>	<u>\$ 13,237</u>	<u>\$ 17,498</u>	<u>\$ 33,240</u>	<u>\$ 611,982</u>

	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>

Each of aforementioned assets was for self-use.

(6) 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:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	\$ 1,200,933	\$ 1,289,007
	For the year ended December 31, 2023	For the year ended December 31, 2022
	Depreciation charge	Depreciation charge
Buildings	\$ 197,542	\$ 197,839

- C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$109,738 and \$284,763, respectively.
- D. Information on profit or loss in relation to lease contracts is as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 19,164	\$ 18,937
Expense on short-term lease contracts	149,924	142,244
Expense on leases of low-value assets	11,890	12,704
Expense on variable lease payments	1,309	1,654
Gain on lease modification	398	388

- E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$373,287 and \$366,984 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 \$0 and \$20,234 was recognised as at December 31, 2023 and 2022, 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 \$388 for the years ended December 31, 2023 and 2022, respectively.

(7) Intangible assets

	December 31, 2023	December 31, 2022
Computer software		
Cost	\$ 45,857	\$ 37,527
Accumulated amortisation	( 35,692)	( 30,408)
	<u>\$ 10,165</u>	<u>\$ 7,119</u>
	For the year ended December 31, 2023	For the year ended December 31, 2022
At January 1	\$ 7,119	\$ 2,169
Additions — acquired separately	8,330	6,135
Amortisation charge	( 5,284)	( 1,185)
At December 31	<u>\$ 10,165</u>	<u>\$ 7,119</u>

Details of amortisation on intangible assets are as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Operating costs	\$ 4,697	\$ 1,000
Administrative expenses	587	185
	<u>\$ 5,284</u>	<u>\$ 1,185</u>

(8) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	\$ 193,050	\$ 213,530
Collection of sales on behalf of others	170,745	218,126
Labour and health insurance fees payable	23,358	23,022
Business tax payable	13,829	14,117
Payable on equipment	4,370	22,120
Others	15,674	47,125
	<u>\$ 421,026</u>	<u>\$ 538,040</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.

(9) Pensions

A. (a) The Company has 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, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 48,258	\$ 46,922
Fair value of plan assets	( 20,460)	( 21,074)
Net defined benefit liability	<u>\$ 27,798</u>	<u>\$ 25,848</u>

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

	<u>2023</u>		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 46,922	(\$ 21,074)	\$ 25,848
Current service cost	85	-	85
Interest expense (income)	<u>739</u>	<u>( 329)</u>	<u>410</u>
	<u>47,746</u>	<u>( 21,403)</u>	<u>26,343</u>
Remeasurements:			
Returns on plan assets	-	( 134)	( 134)
Change in demographic assumptions	-	-	-
Change in financial assumptions	409	-	409
Experience adjustments	<u>1,665</u>	<u>-</u>	<u>1,665</u>
	<u>2,074</u>	<u>( 134)</u>	<u>1,940</u>
Pension fund contribution	<u>-</u>	<u>( 485)</u>	<u>( 485)</u>
Paid pension	<u>( 1,562)</u>	<u>1,562</u>	<u>-</u>
At December 31	<u>\$ 48,258</u>	<u>( \$ 20,460)</u>	<u>\$ 27,798</u>

	2022		
	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>

- (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, 2023 and 2022 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, 2023	For the year ended December 31, 2022
Discount rate	1.50%	1.60%
Future salary increases	0.50%	0.50%

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, 2023				
Effect on present value of defined benefit obligation	(\$ 1,012)	\$ 1,045	\$ 802	(\$ 780)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 1,061)	\$ 1,096	\$ 1,108	(\$ 722)

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, 2024 amount to \$488.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 8.6 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	1,886
1 to 2 years		3,484
2 to 5 years		10,785
Over 5 years		14,700
	\$	<u>30,855</u>

B. (a) Effective July 1, 2005, the Company has 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, 2023 and 2022, were \$67,993 and \$72,095, respectively.

(10) Share capital

As of December 31, 2023, 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.

(11) 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.

(12) 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 2023 earnings as approved by the Board of Directors on February 26, 2024 and the appropriation of 2022 earnings as resolved by the shareholders' meeting on May 18, 2023 are as follows:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 9,294		\$ 18,620	
Cash dividends	76,374	\$ 0.8	143,201	\$ 1.5
Total	<u>\$ 85,668</u>		<u>\$161,821</u>	

(13) Other equity items

	Year ended December 31, 2023		
	Unrealised gains (losses) on valuation	Foreign currency translation	Total
At January 1	\$ 380,399	\$ 233	\$ 380,632
Valuation adjustment	77,311	-	77,311
Currency translation differences:			
–Group	- (	224) (	224)
–Tax on Group	-	44	44
Reclassification to profit or loss	- (	94) (	94)
At December 31	<u>\$ 457,710</u>	<u>(\$ 41)</u>	<u>\$ 457,669</u>

	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>

(14) Operating revenue

	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue from contracts with customers	<u>\$ 4,188,461</u>	<u>\$ 4,509,706</u>

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:

For the year ended December 31, 2023	Services	Sales of goods	Total
Revenue from external customer contracts	<u>\$ 3,930,376</u>	<u>\$ 258,085</u>	<u>\$ 4,188,461</u>
Timing of revenue recognition			
At a point in time	<u>\$ -</u>	<u>\$ 258,085</u>	<u>\$ 258,085</u>
Over time	<u>\$ 3,930,376</u>	<u>\$ -</u>	<u>\$ 3,930,376</u>
For the year ended December 31, 2022	Services	Sales of goods	Total
Revenue from external customer contracts	<u>\$ 4,228,828</u>	<u>\$ 280,878</u>	<u>\$ 4,509,706</u>
Timing of revenue recognition			
At a point in time	<u>\$ -</u>	<u>\$ 280,878</u>	<u>\$ 280,878</u>
Over time	<u>\$ 4,228,828</u>	<u>\$ -</u>	<u>\$ 4,228,828</u>

(15) Interest income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest income from bank deposits	<u>\$ 7,789</u>	<u>\$ 4,218</u>
Other interest income	<u>344</u>	<u>164</u>
	<u>\$ 8,133</u>	<u>\$ 4,382</u>

(16) Other income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Dividend income	\$ 21,346	\$ 17,302
Rental income	48	29
Other income, others	10,942	12,393
	<u>\$ 32,336</u>	<u>\$ 29,724</u>

(17) Other gains and losses

	For the year ended December 31, 2023	For the year ended December 31, 2022
Loss on disposal of property, plant and equipment	(\$ 1,669)	(\$ 716)
Gains on disposal of investment	200	-
Net currency exchange gains (losses)	102	( 21)
Other losses	( 11,351)	( 2,373)
	<u>(\$ 12,718)</u>	<u>(\$ 3,110)</u>

(18) Finance costs

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest expenses - lease liability	\$ 19,164	\$ 18,937
Interest expenses - others	80	37
	<u>\$ 19,244</u>	<u>\$ 18,974</u>

(19) Expenses by nature

	For the year ended December 31, 2023	For the year ended December 31, 2022
Employee benefit expense	\$ 1,467,474	\$ 1,514,866
Depreciation charges on right-of-use assets	197,542	197,839
Depreciation charges on property, plant and equipment	106,832	113,748
Amortisation charges on intangible assets	5,284	1,185

(20) Employee benefit expense

	For the year ended December 31, 2023	For the year ended December 31, 2022
Wages and salaries	\$ 1,201,300	\$ 1,246,660
Labour and health insurance fees	141,536	141,374
Pension costs	68,488	72,474
Other personnel expense	56,150	54,358
	<u>\$ 1,467,474</u>	<u>\$ 1,514,866</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, 2023 and 2022, employees' compensation was accrued at \$1,204 and \$2,250, respectively; while directors' remuneration was accrued at \$3,612 and \$6,751, respectively. The aforementioned amounts were recognised in salary expenses.
- C. For the year ended December 31, 2023, 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 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 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.

(21) Income tax

A. Income tax expenses

(a) Components of income tax expense:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current tax:		
Current tax on profits for the year	\$ 20,015	\$ 39,992
Tax on undistributed earnings	1,219	-
Prior year income tax underestimation	260	88
Total current tax	21,494	40,080
Deferred tax:		
Origination and reversal of temporary differences	( 402)	( 315)
Total deferred tax	( 402)	( 315)
Income tax expense	\$ 21,092	\$ 39,765

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
Currency translation differences	(\$ 44)	\$ 173
Remeasurement of defined benefit obligations	(\$ 388)	\$ 2,438

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2023	For the year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	\$ 23,117	\$ 43,385
Effect from items disallowed by tax regulation	( 3,504)	( 3,708)
Prior year income tax underestimation	260	88
Tax on undistributed earnings	1,219	-
Income tax expense	<u>\$ 21,092</u>	<u>\$ 39,765</u>

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

For the year ended December 31, 2023				
	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	4,287	-	388	4,675
Unrealised expenses	11,468	545	-	12,013
Share of profit or loss accounted for using equity method	5,637	( 143)	-	5,494
Currency translation differences	( 59)	25	44	10
Total	<u>\$ 21,543</u>	<u>\$ 427</u>	<u>\$ 432</u>	<u>\$ 22,402</u>



For the year ended December 31, 2022				
			Recognised in other comprehensive income	
	<u>January 1</u>	<u>Recognised in profit or loss</u>		<u>December 31</u>
-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>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(22) Earnings per share

For the year ended December 31, 2023			
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 94,496	95,467	\$ 0.99
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 94,496	95,467	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	29	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 94,496	95,496	\$ 0.99

For the year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<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

(23) Supplemental cash flow information

Investing activities with partial cash payments

	For the year ended December 31, 2023	For the year ended December 31, 2022
Purchase of property, plant and equipment	\$ 40,889	\$ 149,595
Add: Opening balance of payable on equipment (including related parties)	22,120	40,763
Less: Ending balance of payable on equipment (including related parties)	(4,370)	(22,120)
Cash paid during the year	\$ 58,639	\$ 168,238

(24) Changes in liabilities from financing activities

For the year ended December 31, 2023			
	Lease liability	Deposits received	Liabilities from financing activities-gross
Opening net book amount as at January 1	\$ 1,348,818	\$ 5,217	\$ 1,354,035
Additions	109,738	-	109,738
Disposal	( 668)	-	( 668)
Interest on lease liabilities	19,164	-	19,164
Changes in cash flows from financing activities	( 210,310)	( 50)	( 210,360)
Closing net book amount as at December 31	<u>\$ 1,266,742</u>	<u>\$ 5,167</u>	<u>\$ 1,271,909</u>
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
Disposal	( 388)	-	( 388)
Interest on lease liabilities	18,937	-	18,937
Changes in cash flows from financing activities	( 210,610)	( 501)	( 211,111)
Closing net book amount as at December 31	<u>\$ 1,348,818</u>	<u>\$ 5,217</u>	<u>\$ 1,354,035</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 33.38% 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) (Note)	Ultimate parent
Itochu Taiwan Corporation (Itochu Taiwan)	Major shareholder
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)	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
Centurytech Construction and Management Corp.	Associate of parent company
YUBAN & COMPANY (YUBAN)	Associate of parent company

Note : 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, 2023	For the year ended December 31, 2022
Operating revenue:		
Ultimate parent	\$ 279,921	\$ 349,918
Major shareholder	123	-
Associate of parent company		
An-shin	217,203	235,465
Others	50,406	37,656
Total	<u>\$ 547,653</u>	<u>\$ 623,039</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, 2023	For the year ended December 31, 2022
Service expenses:		
Ultimate parent	\$ 5,285	\$ 9,579
Associate of parent company		
Information Technology	22,298	19,190
Rent expense:		
Ultimate parent	6,682	8,156
Associate of parent company		
Tong-An Assets	23,506	30,246
Others	-	119
Other expenses:		
Ultimate parent	603	5,455
Major shareholder	16,868	-
Associate of parent company		
Tong-An Assets	14,573	13,627
Tesen Electric & Machinery CO., LTD.	2,699	1,768
Others	2,145	3,909
Total	<u>\$ 94,659</u>	<u>\$ 92,049</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, 2023	For the year ended December 31, 2022
Dividend income:		
Ultimate parent	\$ 10,605	\$ 9,545

D. Receivables from related parties:

	December 31, 2023	December 31, 2022
Notes receivable:		
Ultimate parent	\$ -	\$ 64,712
Associate of parent company	423	3,544
Subtotal	423	68,256
Accounts receivable:		
Ultimate parent	88,529	36,868
Associate of parent company		
An-shin	56,377	66,776
Others	8,106	9,844
Subtotal	153,012	113,488
Other receivables - other (including payment on behalf of others)		
Ultimate parent	23	7
Associate of parent company	106	76
Subtotal	129	83
Total	\$ 153,564	\$ 181,827

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, 2023</u>	<u>December 31, 2022</u>
Notes payable:		
Ultimate parent	\$ -	\$ 728
Associate of parent company		
Tong-An Assets	808	676
Others	<u>159</u>	<u>82</u>
Subtotal	<u>967</u>	<u>1,486</u>
Accounts payable:		
Ultimate parent	3,163	465
Major shareholder	4,604	-
Associate of parent company	<u>1,398</u>	<u>278</u>
Subtotal	<u>9,165</u>	<u>743</u>
Other payables — others:		
Ultimate parent	356	3,004
Associate of parent company		
Information Technology	1,850	163
Jie Zheng	<u>60</u>	<u>1,270</u>
Subtotal	<u>2,266</u>	<u>4,437</u>
Total	<u>\$ 12,398</u>	<u>\$ 6,666</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. Unearned revenue:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unearned revenue		
Ultimate parent	<u>\$ 100</u>	<u>\$ 94</u>

G. 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, 2023</u>	<u>December 31, 2022</u>
Associate of parent company		
Tong-An Assets	<u>\$ 11,316</u>	<u>\$ 33,949</u>



(c) Lease liability

i. Outstanding balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associate of parent company		
Tong-An Assets	<u>\$ 11,439</u>	<u>\$ 34,072</u>

ii. Interest expense

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Associate of parent company		
Tong-An Assets	<u>\$ 316</u>	<u>\$ 36</u>

H. Property transactions

(a) Acquisition of property, plant and equipment

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Associate of parent company	<u>\$ -</u>	<u>\$ 114</u>

(b) Acquisition of intangible assets

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Associate of parent company	<u>\$ 7,856</u>	<u>\$ -</u>

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

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Associate of parent company	<u>\$ -</u>	<u>\$ 45,265</u>

(4) Key management compensation

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Salaries and other short-term employee benefits	<u>\$ 9,104</u>	<u>\$ 16,484</u>
Post-employment benefits	<u>77</u>	<u>3,200</u>
Total	<u>\$ 9,181</u>	<u>\$ 19,684</u>

## 8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Other non-current assets - time deposits	\$ 32,180	\$ 34,698	Note
Other non-current assets - guarantee deposits paid	1,190	1,190	"
Total	<u>\$ 33,370</u>	<u>\$ 35,888</u>	

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

## 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

### (1) Contingencies

The Group has received legal opinion from law firm regarding labor mediation for wage claims. As of December 31, 2023, the matter is still in court mediation, and the Group has accounted for the assessed losses based on the mediation proposal.

### (2) Commitments

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 36,940	\$ 4,198
Intangible assets	-	7,634
Total	<u>\$ 36,940</u>	<u>\$ 11,832</u>

B. Refer to Note 6(6) 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) 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.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Investments designated as equity instrument	<u>\$ 731,787</u>	<u>\$ 654,476</u>
Financial assets at amortised cost		
Cash and cash equivalents	927,500	1,050,531
Notes receivable (including related parties)	23,008	82,460
Accounts receivable (including related parties)	698,607	644,338
Other receivables (including related parties)	10,411	8,963
Other non-current assets - guarantee deposits paid	52,587	51,719
Other non-current assets - time deposits	<u>32,180</u>	<u>34,698</u>
	<u>\$ 1,744,293</u>	<u>\$ 1,872,709</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable (including related parties)	\$ 1,324	\$ 2,107
Accounts payable (including related parties)	373,373	409,414
Other payables (including related parties)	423,292	542,477
Deposits received	<u>5,167</u>	<u>5,217</u>
	<u>\$ 803,156</u>	<u>\$ 959,215</u>
Lease liability	<u>\$ 1,266,742</u>	<u>\$ 1,348,818</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: VND). 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, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (New Taiwan dollar)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:VND	\$ 99	24,663	\$ 3,045
<u>Non-monetary items</u>			
Investments accounted for under the equity method VND:NTD	5,583,981	0.00124	6,952
(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

iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to \$102 and (\$21), respectively.

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

(Foreign currency: functional currency)	For the year ended 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:VND	1%	\$ 30	\$ -
(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	\$ -

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, 2023 and 2022 would have increased/decreased \$36,589 and \$32,724, 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 60 days.
- iv. The Group classifies customers' 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, 2023 and 2022, the provision matrix, loss rate methodology is as follows:

	Not past due	Past due			Total
		Up to 30 days	31 to 90 days	Over 91 days	
December 31, 2023					
Expected loss rate	0.18%~1%	1%~2%	1%~5%	1%~100%	
Total book value	\$ 518,525	\$ 24,826	\$ 2,425	\$ 7,353	\$ 553,129
Loss allowance	(\$ 915)	(\$ 478)	(\$ 81)	(\$ 6,060)	(\$ 7,534)

	Not past due	Past due			Total
		Up to 30 days	31 to 90 days	Over 91 days	
December 31, 2022					
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)

- 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, 2023	
	Accounts receivable	Notes receivable
Opening net book amount as at January 1	\$ 7,577	\$ 30
Reversal of impairment loss	( 43)	( 2)
Closing net book amount as at December 31	\$ 7,534	\$ 28
	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	\$ 7,577	\$ 30

(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, 2023 and 2022, the Group held money market position of \$927,500 and \$1,050,531, 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:

		Between 3					
	Less than 3	months and	Between 1	Between 2			
December 31, 2023	months	1 year	and 2 years	and 5 years	Over 5 years	Total	
Notes payable (including related parties)	\$ 1,324	\$ -	\$ -	\$ -	\$ -	\$ 1,324	
Accounts payable (including related parties)	373,373	-	-	-	-	373,373	
Other payables (including related parties)	385,527	37,765	-	-	-	423,292	
Lease liabilities (including related parties)	53,366	137,799	156,722	367,374	653,022	1,368,283	

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)	403,058	6,356	-	-	-	409,414
Other payables (including related parties)	473,982	68,495	-	-	-	542,477
Lease liabilities (including related parties)	49,737	143,499	163,950	359,754	737,344	1,454,284

(3) 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, 2023 and 2022 are as follows:



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

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 731,787	\$ -	\$ -	\$ 731,787
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 654,476	\$ -	\$ -	\$ 654,476

(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, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2023 and 2022, 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: None.

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 3.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 4.

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 5.

14. Operating segment information

(1) General information

The Group managed business and determined strategy in terms 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 were not provided to the chief operating decision-maker, the disclosure of measured amounts of assets and liabilities is not required.

(3) Segment information

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

2023

	Home delivery service segment	Logistic business segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 2,917,995	\$ 1,270,466	\$ -	\$ 4,188,461
Total segment revenue	\$ 2,917,995	\$ 1,270,466	\$ -	\$ 4,188,461
Segment income	\$ 44,713	\$ 70,875	\$ -	\$ 115,588
Segment income , including: Depreciation and amortisation	\$ 182,179	\$ 127,479	\$ -	\$ 309,658

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

Income tax expense \$ 21,092

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	\$ 3,162,793	\$ 1,346,913	\$ -	\$ 4,509,706
Segment income	\$ 138,306	\$ 77,901	\$ -	\$ 216,207
Segment income , including: Depreciation and amortisation	\$ 176,839	\$ 135,933	\$ -	\$ 312,772

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

Income tax expense \$ 39,765

(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, 2023 and 2022.

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 4,168,587	\$ 1,823,080	\$ 4,483,137	\$ 1,978,986
Vietnam	19,874	-	26,569	-
Total	<u>\$ 4,188,461</u>	<u>\$ 1,823,080</u>	<u>\$ 4,509,706</u>	<u>\$ 1,978,986</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31, 2023			For the year ended December 31, 2022	
	Revenue	Segment		Revenue	Segment
A	\$ 989,737	Home delivery service segment and logistic business segment	\$	1,030,016	Home delivery service segment and logistic business segment

Taiwan Pelican Express Co., Ltd. and subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by		Relationship with the securities issuer		As of December 31, 2023				Note	
				Marketable securities	General ledger account	shares	Carrying amount		Ownership (%)
Taiwan Pelican Express Co., Ltd.	Stock	TECO ELECTRIC & MACHINERY CO., LTD.	Ultimate parent	Non-current financial asset measured at fair value through other comprehensive income	7,070,000	\$ 330,876	0.33	\$ 330,876	None
Taiwan Pelican Express Co., Ltd.	Stock	Momo.com Inc.	Not applicable	Non-current financial asset measured at fair value through other comprehensive income	787,644	400,911	0.33	400,911	None
Taiwan Pelican Express Co., Ltd.	Stock	ASIAN CROWN INTERNATIONAL CO., LTD.	Not applicable	Non-current financial asset measured at fair value through other comprehensive income	207,319	-	1.75	-	Note 1
						<u>\$ 731,787</u>		<u>\$ 731,787</u>	

Note 1: As of December 31, 2023, accumulated impairment of \$24,746 was accrued.

Taiwan Pelican Express Co., Ltd. and subsidiaries  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions		Notes/accounts receivable (payable)				Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)		
Taiwan Pelican Express Co., Ltd.	TECO ELECTRIC & MACHINERY CO., LTD.	Ultimate parent	Sale	\$ (279,921)	-6.68%	Note 1	Not applicable	Not applicable	Accounts receivable	\$ 88,529	12.67%		None
Taiwan Pelican Express Co., Ltd.	An-shin Food Service Co., Ltd.	Associate of parent company	Sale	(217,203)	-5.19%	Note 1	Not applicable	Not applicable	Accounts receivable	56,377	8.07%		None

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

Taiwan Pelican Express Co., Ltd. and subsidiaries

Information on investees

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income of investee as of December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Taiwan Pelican Express Co., Ltd.	Pelecanus Express Pte. Ltd.	Singapore	Investing in overseas companies	\$ -	\$ 25,794	-	Note 1	\$ -	\$ -	\$ -	Note 1
Taiwan Pelican Express Co., Ltd.	Pelican Express (Vietnam)Co., Ltd.	Vietnam	Logistic business	5,750	5,750	-	100	6,952	717	717	Note 2

Note 1: Pelecanus Exoress Pte. Ltd. has completed the dissolution and deregistration procedures in 2023.

Note 2: The transactions were written off when preparing the consolidated financial statements.



Taiwan Pelican Express Co., Ltd. and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Beijing Pelican Express	Warehouse storage service	\$ 26,422	Note 1	\$ 26,422	\$ -	\$ -	\$ 26,422	\$ -	Note 1	\$ -	\$ -	\$ -	None
Fubon Gehua (Beijing) Enterprise Co., Ltd.	Wholesale business	335,343	Note 2	24,746	-	-	24,746	-	1.63	-	-	-	Notes 3 and 4

Note 1: Beijing Pelican Express had been dissolved.

Note 2: Reinvested in Mainland China through reinvested in the third area, Asian Crown International Co., Ltd.

Note 3: Financial assets at fair value through other comprehensive income.

Note 4: As of December 31, 2023, accumulated impairment of \$24,746 was accrued.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	Footnote
Taiwan Pelican Express Co., Ltd.	\$51,168	\$51,168	\$ 1,335,053	Note 5

Note 5: In accordance with 'Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China' and 'Rules on Review of Investment and Technology Cooperation in Mainland China' amended by Investment Commission, Ministry of Economic Affairs effective on August 29, 2008, the ceiling of investment of investors (not as personal and small and medium enterprise) in Mainland China is the net assets of the investors or 60% of consolidated net assets, whichever is higher.

Taiwan Pelican Express Co., Ltd. and subsidiaries

Major shareholders information

December 31, 2023

Table 5

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
TECO ELECTRIC & MACHINERY CO., LTD.	24,121,700	25.26%
Itochu Taiwan Corporation	18,138,500	18.99%
Tong-An Investment Co., Ltd.	6,474,468	6.78%

**E. A-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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 2023 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 2023 parent company only financial statements are stated as follows:

#### **Accuracy in recognition of service revenue**

##### **Description**

Refer to Note 4(23) for accounting policies applied on operating revenue, Note 6(16) for details of operating revenue.

For the year ended December 31, 2023, the Company's operating revenue was NT\$4,168,587 thousand. The Company's revenue is mainly comprised of home delivery revenue, logistic revenue and sales revenue. Additionally, home delivery revenue and logistic revenue are classified as service revenue and represents approximately 94% of the company's operating income. Revenue is recognized based on the scope of services performed. Due to the level of service performance and related calculations involve a certain degree of judgment and estimation, it has a significant impact on parent company only financial statements. Thus, 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 service revenue.
2. Performed substantive test on samples of service revenue to obtain transaction documents to confirm that the service has been provided, checked the invoice to verify that the content of service has been properly recorded and confirmed that the transaction has been recognized in the current period.
3. Obtained and assessed the calculation method used by management to evaluate the level of service performance at the end of the period and evaluated whether the method is appropriate.
4. Obtained information from actual customers after the period to confirm that the company has completed the performance of labor services to verify the reasonableness of management's assessment of the performance of labor services at the end of the period.

#### ***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 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 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.

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Hsu, Ming-Chuan

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Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2024

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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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 922,883	21	\$ 1,044,533	23
1150	Notes receivable, net	6(3)	22,585	1	14,204	-
1160	Notes receivable - related parties	7	423	-	68,256	2
1170	Accounts receivable, net	6(3)	545,595	13	530,850	12
1180	Accounts receivable - related parties	7	149,303	4	109,740	2
1200	Other receivables		10,282	-	8,880	-
1210	Other receivables - related parties	7	129	-	83	-
130X	Inventories	6(4)	11,240	-	14,596	-
1410	Prepayments		14,366	-	28,275	1
1470	Other current assets		37	-	-	-
11XX	Current Assets		1,676,843	39	1,819,417	40
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	731,787	17	654,476	14
1550	Investments accounted for under equity method	6(5)	6,952	-	6,459	-
1600	Property, plant and equipment	6(6) and 7	611,982	14	682,860	15
1755	Right-of-use assets	6(7) and 7	1,200,933	28	1,289,007	28
1780	Intangible assets	6(8) and 7	10,165	-	7,119	-
1840	Deferred income tax assets	6(23)	22,402	-	21,543	1
1900	Other non-current assets	6(9) and 8	84,767	2	86,416	2
15XX	Non-current assets		2,668,988	61	2,747,880	60
1XXX	Total assets		\$ 4,345,831	100	\$ 4,567,297	100

(Continued)

TAIWAN PELICAN EXPRESS CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2150	Notes payable		\$ 357	-	\$ 621	-
2160	Notes payable - related parties	7	967	-	1,486	-
2170	Accounts payable		364,208	8	408,671	9
2180	Accounts payable - related parties	7	9,165	-	743	-
2200	Other payables	6(10)	419,351	10	534,280	12
2220	Other payables - related parties	7	2,266	-	4,437	-
2230	Current income tax liabilities	6(23)	540	-	11,256	-
2250	Provisions for liabilities - current		3,530	-	-	-
2280	Current lease liabilities	7	174,240	4	175,710	4
2300	Other current liabilities		20,645	1	27,524	1
21XX	Current Liabilities		995,269	23	1,164,728	26
Non-current liabilities						
2580	Non-current lease liabilities	7	1,092,502	25	1,173,108	25
2600	Other non-current liabilities	6(11)	32,972	1	31,153	1
25XX	Non-current liabilities		1,125,474	26	1,204,261	26
2XXX	Total Liabilities		2,120,743	49	2,368,989	52
Equity						
	Share capital	6(12)				
3110	Share capital - common stock		954,670	22	954,670	21
	Capital surplus	6(13)				
3200	Capital surplus		300,082	7	300,082	7
	Retained earnings	6(14)				
3310	Legal reserve		174,674	4	156,054	3
3350	Unappropriated retained earnings		337,993	8	406,870	9
	Other equity interest	6(15)				
3400	Other equity interest		457,669	10	380,632	8
3XXX	Total equity		2,225,088	51	2,198,308	48
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		\$ 4,345,831	100	\$ 4,567,297	100

TAIWAN PELICAN EXPRESS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
	Items	Notes	2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Revenue	6(16) and 7	\$ 4,168,587	100	\$ 4,483,137	100
5000	Operating costs	6(4)(21)(22) and 7	( 3,616,147)	( 87)	( 3,813,620)	( 85)
5900	Net operating margin		<u>552,440</u>	<u>13</u>	<u>669,517</u>	<u>15</u>
	Operating expenses	6(21)(22) and 7				
6100	Selling expenses		( 20,189)	-	( 26,878)	-
6200	General and administrative expenses		( 425,810)	( 10)	( 438,645)	( 10)
6450	Expected credit impairment gains		<u>45</u>	<u>-</u>	<u>329</u>	<u>-</u>
6000	Total operating expenses		( 445,954)	( 10)	( 465,194)	( 10)
6900	Operating profit		<u>106,486</u>	<u>3</u>	<u>204,323</u>	<u>5</u>
	Non-operating income and expenses					
7100	Interest income	6(17)	8,128	-	4,376	-
7010	Other income	6(2)(18) and 7	32,336	1	29,724	1
7020	Other gains and losses	6(19)	( 12,835)	-	( 3,094)	-
7050	Finance costs	6(7)(20) and 7	( 19,244)	( 1)	( 18,974)	( 1)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	6(5)	<u>717</u>	<u>-</u>	<u>( 328)</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>9,102</u>	<u>-</u>	<u>11,704</u>	<u>-</u>
7900	<b>Profit before income tax</b>		<u>115,588</u>	<u>3</u>	<u>216,027</u>	<u>5</u>
7950	Income tax expense	6(23)	( 21,092)	( 1)	( 39,585)	( 1)
8200	<b>Profit for the year</b>		<u>\$ 94,496</u>	<u>2</u>	<u>\$ 176,442</u>	<u>4</u>
	<b>Other comprehensive (loss) income</b>	6(2)(11)(15)(23)				
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	(Losses) gain on remeasurements of defined benefit plans		( \$ 1,940)	-	\$ 12,193	-
8316	Unrealised gains (losses) from investment in equity instruments measured at fair value through other comprehensive income		<u>77,311</u>	<u>2</u>	<u>( 538,927)</u>	<u>( 12)</u>
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		<u>388</u>	<u>-</u>	<u>( 2,438)</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 224)	-	865	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss		<u>44</u>	<u>-</u>	<u>( 173)</u>	<u>-</u>
8300	<b>Other comprehensive income (loss) for the year</b>		<u>\$ 75,579</u>	<u>2</u>	<u>( \$ 528,480)</u>	<u>( 12)</u>
8500	<b>Total comprehensive income (loss) for the year</b>		<u>\$ 170,075</u>	<u>4</u>	<u>( \$ 352,038)</u>	<u>( 8)</u>
	Basic earnings per share	6(24)				
9750	Total basic earnings per share		<u>\$ 0.99</u>		<u>\$ 1.85</u>	
	Diluted earnings per share	6(24)				
9850	Total diluted earnings per share		<u>\$ 0.99</u>		<u>\$ 1.85</u>	

TAIWAN PELICAN EXPRESS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Capital surplus			Retained earnings		Other equity interest		
							Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
	Notes	Share capital - common stock	Additional paid-in capital	Capital surplus, treasury share transactions	Legal reserve	Unappropriated retained earnings			Total equity
Year ended December 31, 2022									
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(2)(11)(15)(23)	-	-	-	-	9,755	692	( 538,927 )	( 528,480 )
Total comprehensive income (loss)		-	-	-	-	186,197	692	( 538,927 )	( 352,038 )
Distribution of 2021 retained earnings	6(14)								
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
Year ended December 31, 2023									
Balance at January 1, 2023		\$ 954,670	\$ 300,031	\$ 51	\$ 156,054	\$ 406,870	\$ 233	\$ 380,399	\$ 2,198,308
Profit for the year		-	-	-	-	94,496	-	-	94,496
Other comprehensive income (loss) for the year	6(2)(11)(15)(23)	-	-	-	-	( 1,552 )	( 180 )	77,311	75,579
Total comprehensive income (loss)		-	-	-	-	92,944	( 180 )	77,311	170,075
Distribution of 2022 retained earnings	6(14)								
Legal reserve		-	-	-	18,620	( 18,620 )	-	-	-
Cash dividends		-	-	-	-	( 143,201 )	-	-	( 143,201 )
Disposal of subsidiary company	6(15)	-	-	-	-	-	( 94 )	-	( 94 )
Balance at December 31, 2023		\$ 954,670	\$ 300,031	\$ 51	\$ 174,674	\$ 337,993	(\$ 41 )	\$ 457,710	\$ 2,225,088

TAIWAN PELICAN EXPRESS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 115,588	\$ 216,027
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment gain	12(2)	( 45 )	( 329 )
Provision for decline in market value and obsolescence of inventories		327	73
Depreciation expense	6(6)(7)(21)	304,374	311,587
Amortization expense	6(8)(21)	5,284	1,185
Loss on disposal of property, plant and equipment	6(19)	1,669	716
Gain on disposal of investment	6(19)	( 200 )	-
Share of profit of associates and joint ventures accounted for under the equity method	6(5)	( 717 )	328
Interest expense	6(20)	19,244	18,974
Interest income	6(17)	( 8,128 )	( 4,376 )
Dividends income	6(18)	( 21,346 )	( 17,302 )
Other gains and losses		3,132	( 388 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 8,379 )	26,885
Notes receivable-related parties		67,833	9,662
Accounts receivable		( 14,702 )	( 9,100 )
Accounts receivable-related parties		( 39,563 )	( 304 )
Other receivables		( 1,441 )	( 1,336 )
Other receivables-related parties		( 46 )	157
Inventories		3,029	( 2,095 )
Prepayments		16,519	( 3,743 )
Other current assets		( 37 )	-
Other non-current assets		1,649	( 2,200 )
Changes in operating liabilities			
Notes payable		( 264 )	( 179 )
Notes payable-related parties		( 519 )	1,393
Accounts payable		( 44,463 )	57,635
Accounts payable - related parties		8,422	( 359 )
Other payables		( 97,177 )	8,104
Other payables-related parties		( 2,171 )	( 3,963 )
Net defined benefit liability		9	( 21 )
Cash inflow generated from operations		307,881	607,031
Interest received		8,167	4,419
Dividends received	6(18)	21,346	17,302
Income taxes paid		( 32,211 )	( 60,326 )
Interest paid		( 80 )	( 37 )
Other current liabilities		( 6,879 )	8,991
Net cash flows from operating activities		298,224	577,380
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of property, plant and equipment	6(25)	( 58,639 )	( 168,238 )
Acquisition of intangible assets	6(8)	( 8,330 )	( 6,135 )
Proceeds from disposal of property, plant and equipment	6(6)	656	607
Proceeds from capital reduction of subsidiary	6(5)	-	2,239
Net cash flows used in investing activities		( 66,313 )	( 171,527 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Cash dividends paid	6(14)	( 143,201 )	( 200,481 )
Payments of lease liabilities	6(26)	( 210,310 )	( 210,610 )
Decrease in deposit received	6(26)	( 50 )	( 501 )
Net cash flows used in financing activities		( 353,561 )	( 411,592 )
Net decrease in cash and cash equivalents		( 121,650 )	( 5,739 )
Cash and cash equivalents at beginning of year		1,044,533	1,050,272
Cash and cash equivalents at end of year		\$ 922,883	\$ 1,044,533

TAIWAN PELICAN EXPRESS CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(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 33.38% 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 authorized for issuance by the Board of Directors on February 26, 2024.

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<sup>®</sup>”) Accounting Standards 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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 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.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	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.

(3) IFRS Accounting Standards 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
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 21, 'Lack of exchangeability'	January 1, 2025

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<sup>®</sup> Interpretations, and SIC<sup>®</sup> 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 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 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.

(7) 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.

(8) 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.

(9) Derecognition of financial assets

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

(10) 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.

(11) 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.

(12) 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	1 to 8 years
Machinery and equipment	15 years
Other equipment	1 to 10 years
Leasehold improvements	1 to 16 years

(13) 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.

(14) Intangible assets

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

(15) 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.

(16) 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.

(17) Derecognition of financial liabilities

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

(18) 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.

(19) 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.

(20) 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.

(21) 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.

(22) 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.

(23) 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.

(24) 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, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 1,976	\$ 269
Checking accounts and demand deposits	404,957	658,264
Time deposits	<u>515,950</u>	<u>386,000</u>
Total	<u>\$ 922,883</u>	<u>\$ 1,044,533</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 identified certain time deposits amounting to \$32,180 and \$34,698 as at December 31, 2023 and 2022, that were classified as non-current assets – time deposits due to the restriction for the Company’s collateral for performance guarantee. Information relating to pledged assets is provided in Note 8.

### (2) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 249,331	\$ 249,331
Unlisted stocks	<u>24,746</u>	<u>24,746</u>
Subtotal	<u>274,077</u>	<u>274,077</u>
Valuation adjustment	<u>457,710</u>	<u>380,399</u>
Total	<u>\$ 731,787</u>	<u>\$ 654,476</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 \$731,787 and \$654,476 as at December 31, 2023 and 2022, 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, 2023</u>	<u>For the year ended December 31, 2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>77,311</u>	(\$ <u>538,927</u> )
Dividend income recognised in profit or loss		
Held at end of period	\$ <u>21,346</u>	\$ <u>17,302</u>

- C. As at December 31, 2023 and 2022, 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 \$731,787 and \$654,476 respectively.

(3) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 22,613	\$ 14,234
Less: Allowance for bad debt	( 28)	( 30)
	<u>\$ 22,585</u>	<u>\$ 14,204</u>
Accounts receivable	\$ 553,129	\$ 538,427
Less: Allowance for bad debt	( 7,534)	( 7,577)
	<u>\$ 545,595</u>	<u>\$ 530,850</u>

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 22,060	\$ 517,610	\$ 13,768	\$ 504,348
Past due				
Up to 30 days	525	24,348	436	24,653
31 to 90 days	-	2,344	-	1,513
Over 91 days	-	1,293	-	336
Subtotal	<u>525</u>	<u>27,985</u>	<u>436</u>	<u>26,502</u>
Total	<u>\$ 22,585</u>	<u>\$ 545,595</u>	<u>\$ 14,204</u>	<u>\$ 530,850</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$562,510.
- C. The Company has no notes and accounts receivable pledged to others.
- D. As at December 31, 2023 and 2022, 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 \$22,585 and \$14,204 ; \$545,595 and \$530,850, respectively.
- E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(4) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Carrying amount
Merchandise inventory	\$ 12,022	(\$ 782)	\$ 11,240
December 31, 2022			
	Cost	Allowance for valuation loss	Carrying amount
Merchandise inventory	\$ 15,051	(\$ 455)	\$ 14,596

The cost of inventories recognised as expense for the year:

Years ended December 31		
	2023	2022
Cost of goods sold	\$ 225,094	\$ 248,414
Loss on decline in market value	327	73
	<u>\$ 225,421</u>	<u>\$ 248,487</u>

(5) Investments accounted for using equity method

	<u>2023</u>	<u>2022</u>
At January 1	\$ 6,459	\$ 8,079
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	717	( 328)
Changes in other equity items (Note 6(15))	( 224)	865
Credit balance of investment accounted for using equity method	-	82
At December 31	<u>\$ 6,952</u>	<u>\$ 6,459</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries		
Pelecanus Express (Vietnam) Co.,	\$ 6,952	\$ 6,459
Pelecanus Express Ptd. Ltd. (Note)	-	( 82)
	6,952	6,377
Plus: Pelecanus Express Ptd. Ltd. credit balance (shown as non-current liabilities)	-	82
	<u>\$ 6,952</u>	<u>\$ 6,459</u>

Note : The company has already been dissolved at April 1, 2023.

For information about the subsidiaries of the Company, please refer to Note 4 (3) of the consolidated financial statements.

(6) 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, 2023							
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>
2023							
At January 1	\$ 511,799	\$ 22,546	\$ 91,947	\$ 19,591	\$ 20,599	\$ 16,378	\$ 682,860
Additions	4,122	1,057	229	2,177	3,273	30,031	40,889
Disposal - cost	( 52,217)	( 2,662)	-	( 4,349)	-	-	( 59,228)
Disposal - Accumulated depreciation and impairment	50,102	2,484	-	4,317	-	-	56,903
Depreciation charge	( 74,431)	( 8,254)	( 8,969)	( 8,804)	( 6,374)	-	( 106,832)
Reclassifications	10,254	-	-	305	-	( 13,169)	( 2,610)
At December 31	<u>\$ 449,629</u>	<u>\$ 15,171</u>	<u>\$ 83,207</u>	<u>\$ 13,237</u>	<u>\$ 17,498</u>	<u>\$ 33,240</u>	<u>\$ 611,982</u>
At December 31, 2023							
Cost	\$ 1,139,345	\$ 222,739	\$ 134,251	\$ 84,795	\$ 137,750	\$ 33,240	\$ 1,752,120
Accumulated depreciation and impairment	( 689,716)	( 207,568)	( 51,044)	( 71,558)	( 120,252)	-	( 1,140,138)
	<u>\$ 449,629</u>	<u>\$ 15,171</u>	<u>\$ 83,207</u>	<u>\$ 13,237</u>	<u>\$ 17,498</u>	<u>\$ 33,240</u>	<u>\$ 611,982</u>

	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>

All of aforementioned assets were for self-use.

(7) 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, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 1,200,933</u>	<u>\$ 1,289,007</u>
	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 197,542</u>	<u>\$ 197,839</u>

- C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$109,738 and \$284,763, respectively.
- D. Information on profit or loss in relation to lease contracts is as follows:

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 19,164	\$ 18,937
Expense on short-term lease contracts	149,860	141,811
Expense on leases of low-value assets	11,890	12,704
Expense on variable lease payments	1,309	1,654
Gain or on lease modification	398	388

- E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$373,205 and \$366,633, 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 \$0 and \$20,234 was recognised as at December 31, 2023 and 2022, 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 \$388 for the years ended December 31, 2023 and 2022, respectively.

(8) Intangible assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Computer software		
Cost	\$ 45,857	\$ 37,527
Accumulated amortisation	( 35,692)	( 30,408)
	<u>\$ 10,165</u>	<u>\$ 7,119</u>
	<u>For the year ended</u>	<u>For the year ended</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
At January 1	\$ 7,119	\$ 2,169
Additions — acquired separately	8,330	6,135
Amortisation charge	( 5,284)	( 1,185)
At December 31	<u>\$ 10,165</u>	<u>\$ 7,119</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, 2023</u>	<u>December 31, 2022</u>
Operating costs	\$ 4,697	\$ 1,000
Administrative expenses	587	185
	<u>\$ 5,284</u>	<u>\$ 1,185</u>

(9) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee deposits paid	<u>\$ 84,767</u>	<u>\$ 86,416</u>

Information relating to pledged assets is provided in Note 8.

(10) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Wages and salaries payable	\$ 192,856	\$ 213,510
Collection of sales on behalf of others	170,745	218,126
Labour and health insurance fees payable	23,349	23,022
Business tax payable	13,829	14,117
Payable on machinery and equipment	4,370	22,120
Others	14,202	43,385
	<u>\$ 419,351</u>	<u>\$ 534,280</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 has 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, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 48,258	\$ 46,922
Fair value of plan assets	( 20,460)	( 21,074)
Net defined benefit liability	<u>\$ 27,798</u>	<u>\$ 25,848</u>

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

	<u>2023</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	\$ 46,922	(\$ 21,074)	\$ 25,848
Current service cost	85	-	85
Interest expense (income)	<u>739</u>	<u>( 329)</u>	<u>410</u>
	<u>47,746</u>	<u>( 21,403)</u>	<u>26,343</u>
Remeasurements:			
Returns on plan assets	-	( 134)	( 134)
Change in demographic assumptions	-	-	-
Change in financial assumptions	409	-	409
Experience adjustments	<u>1,665</u>	<u>-</u>	<u>1,665</u>
	<u>2,074</u>	<u>( 134)</u>	<u>1,940</u>
Pension fund contribution	<u>-</u>	<u>( 485)</u>	<u>( 485)</u>
Paid pension	<u>( 1,562)</u>	<u>1,562</u>	<u>-</u>
At December 31	<u>\$ 48,258</u>	<u>(\$ 20,460)</u>	<u>\$ 27,798</u>

	2022		
	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>

- (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, 2023 and 2022 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, 2023	For the year ended December 31, 2022
Discount rate	1.50%	1.60%
Future salary increases	0.50%	0.50%

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, 2023				
Effect on present value of defined benefit obligation	(\$ 1,012)	\$ 1,045	\$ 802	(\$ 780)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 1,061)	\$ 1,096	\$ 1,108	(\$ 722)

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, 2024 amount to \$ 488.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 8.6 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	1,886
1 to 2 years		3,484
2 to 5 years		10,785
Over 5 years		14,700
	\$	30,855

B. (a) Effective July 1, 2005, the Company has 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, 2023 and 2022, were \$67,993 and \$72,095, respectively.

(12) Share capital

As of December 31, 2023, 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 2023 earnings as approved by the Board of Directors on February 26, 2024 and the appropriation of 2022 earnings as resolved by the shareholders' meeting on May 18, 2023 are as follows:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 9,294		\$ 18,620	
Cash dividends	76,374	\$ 0.8	143,201	\$ 1.5
Total	<u>\$ 85,668</u>		<u>\$ 161,821</u>	

(15) Other equity items

	Year ended December 31, 2023		
	Unrealised gains (losses) on valuation	Foreign currency translation	Total
At January 1	\$ 380,399	\$ 233	\$ 380,632
Valuation adjustment	77,311	-	77,311
Currency translation differences:			
–Group	- (	224)	( 224)
–Tax on Group	-	44	44
Reclassification to profit or loss	- (	94)	( 94)
At December 31	<u>\$ 457,710</u>	<u>(\$ 41)</u>	<u>\$ 457,669</u>

	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>

(16) Operating revenue

	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue from contracts with customers	<u>\$ 4,168,587</u>	<u>\$ 4,483,137</u>

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:

For the year ended December 31, 2023	Services	Sales of goods	Total
Revenue from external customer contracts	<u>\$ 3,910,502</u>	<u>\$ 258,085</u>	<u>\$ 4,168,587</u>
Timing of revenue recognition			
At a point in time	<u>\$ -</u>	<u>\$ 258,085</u>	<u>\$ 258,085</u>
Over time	<u>\$ 3,910,502</u>	<u>-</u>	<u>\$ 3,910,502</u>
For the year ended December 31, 2022	Services	Sales of goods	Total
Revenue from external customer contracts	<u>\$ 4,202,259</u>	<u>\$ 280,878</u>	<u>\$ 4,483,137</u>
Timing of revenue recognition			
At a point in time	<u>\$ -</u>	<u>\$ 280,878</u>	<u>\$ 280,878</u>
Over time	<u>\$ 4,202,259</u>	<u>-</u>	<u>\$ 4,202,259</u>

(17) Interest income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest income from bank deposits	\$ 7,784	\$ 4,212
Other interest income	344	164
	<u>\$ 8,128</u>	<u>\$ 4,376</u>

(18) Other income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Dividend income	\$ 21,346	\$ 17,302
Rental income	48	29
Other income, others	10,942	12,393
	<u>\$ 32,336</u>	<u>\$ 29,724</u>

(19) Other gains and losses

	For the year ended December 31, 2023	For the year ended December 31, 2022
Loss on disposal of property, plant and equipment	(\$ 1,669)	(\$ 716)
Gains on disposal of investment	200	-
Net currency exchange gains (losses)	( 15)	( 27)
Other losses	( 11,351)	( 2,351)
	<u>(\$ 12,835)</u>	<u>(\$ 3,094)</u>

(20) Finance costs

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest expenses - lease liability	\$ 19,164	\$ 18,937
Interest expenses - others	80	37
	<u>\$ 19,244</u>	<u>\$ 18,974</u>

(21) Expenses by nature

	For the year ended December 31, 2023	For the year ended December 31, 2022
Employee benefit expense	\$ 1,465,798	\$ 1,511,760
Depreciation charges on right-of-use assets	197,542	197,839
Depreciation charges on property, plant and equipment	106,832	113,748
Amortisation charges on intangible assets	5,284	1,185

(22) Employee benefit expense

	For the year ended December 31, 2023	For the year ended December 31, 2022
Wages and salaries	\$ 1,199,956	\$ 1,243,998
Labour and health insurance fees	141,249	140,966
Pension costs	68,488	72,474
Other personnel expenses	56,105	54,322
	<u>\$ 1,465,798</u>	<u>\$ 1,511,760</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, 2023 and 2022, employees' compensation was accrued at \$1,204 and \$2,250, respectively; while directors' remuneration was accrued at \$3,612 and \$6,751, respectively. The aforementioned amounts were recognised in salary expenses.
- C. For the year ended December 31, 2023, 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 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 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 expense

(a) Components of income tax expense:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current tax:		
Current tax on profits for the year	\$ 20,015	\$ 39,812
Tax on undistributed earnings	\$ 1,219	\$ -
Prior year income tax underestimation	260	88
Total current tax	21,494	39,900
Deferred tax:		
Origination and reversal of temporary differences	( 402)	( 315)
Total deferred tax	( 402)	( 315)
Income tax expenses	<u>\$ 21,092</u>	<u>\$ 39,585</u>

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
Currency translation differences	(\$ 44)	\$ 173
Remeasurement of defined benefit obligations	(\$ 388)	\$ 2,438



B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2023	For the year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	\$ 23,117	\$ 43,205
Effect from items disallowed by tax regulation	( 3,504)	( 3,708)
Prior year income tax overestimation	260	88
Tax on undistributed earnings	1,219	-
Income tax expense	<u>\$ 21,092</u>	<u>\$ 39,585</u>

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

	For the year ended December 31, 2023			
	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	4,287	-	388	4,675
Unrealised expenses	11,468	545	-	12,013
Share of profit or loss accounted for using equity method	5,637	( 143)	-	5,494
Currency translation differences	( 59)	25	44	10
Total	<u>\$ 21,543</u>	<u>\$ 427</u>	<u>\$ 432</u>	<u>\$ 22,402</u>

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>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(24) Earnings per share

For the year ended December 31, 2023

		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	<u>\$ 94,496</u>	<u>95,467</u>	<u>\$ 0.99</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 94,496	95,467	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>29</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 94,496</u>	<u>95,496</u>	<u>\$ 0.99</u>

For the year ended December 31, 2022

		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
	Amount after tax		
<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

(25) Supplemental cash flow information

Investing activities with partial cash payments

	For the year ended December 31, 2023	For the year ended December 31, 2022
Purchase of property, plant and equipment	\$ 40,889	\$ 149,595
Add: Opening balance of payable on equipment (including related parties)	22,120	40,763
Less: Ending balance of payable on equipment (including related parties)	( 4,370)	( 22,120)
Cash paid during the year	\$ 58,639	\$ 168,238

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, 2023		
			Liabilities from
	Lease liability	Deposits received	financing activities-gross
January 1	\$ 1,348,818	\$ 5,217	\$ 1,354,035
Additions	109,738	-	109,738
Disposal	( 668)	-	( 668)
Interest on lease liabilities	19,164	-	19,164
Changes in cash flows from financing activities	( 210,310)	( 50)	( 210,360)
December 31	<u>\$ 1,266,742</u>	<u>\$ 5,167</u>	<u>\$ 1,271,909</u>
	For the year ended December 31, 2022		
			Liabilities from
	Lease liability	Deposits received	financing activities-gross
January 1	\$ 1,256,116	\$ 5,718	\$ 1,261,834
Additions	284,763	-	284,763
Disposal	( 388)	-	( 388)
Interest on lease liabilities	18,937	-	18,937
Changes in cash flows from financing activities	( 210,610)	( 501)	(\$ 211,111)
December 31	<u>\$ 1,348,818</u>	<u>\$ 5,217</u>	<u>\$ 1,354,035</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 33.38% 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) (Note 1)	Ultimate parent
Itochu Taiwan Corporation (Itochu Taiwan)	Major shareholder
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 1)	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
Centurytech Construction and Management Corp.	Associate of parent company
YUBAN & COMPANY (YUBAN)	Associate of parent company

Note 1: 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, 2023	For the year ended December 31, 2022
Operating revenue:		
Ultimate parent	\$ 279,921	\$ 349,918
Major shareholder	123	-
Associate of parent company		
An-shin	217,203	235,465
Others	30,533	37,656
Total	<u>\$ 527,780</u>	<u>\$ 623,039</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, 2023	For the year ended December 31, 2022
Service expenses:		
Ultimate parent	\$ 5,285	\$ 9,579
Associate of parent company		
Information Technology	22,298	19,190
Rent expense:		
Ultimate parent	6,682	8,156
Associate of parent company		
Tong-An Assets	23,506	30,246
Others	-	119
Other expenses:		
Ultimate parent	603	5,455
Major shareholder	16,868	-
Associate of parent company		
Information Technology	14,573	13,627
Tesen Electric & Machinery CO., LTD.	2,699	1,768
Others	2,145	3,909
Total	<u>\$ 94,659</u>	<u>\$ 92,049</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, 2023	For the year ended December 31, 2022
Dividend income:		
Ultimate parent	\$ 10,605	\$ 9,545

D. Receivables from related parties:

	December 31, 2023	December 31, 2022
Notes receivable:		
Ultimate parent	\$ -	\$ 64,712
Associate of parent company	423	3,544
Subtotal	423	68,256
Accounts receivable:		
Ultimate parent	88,529	36,868
Associate of parent company		
An-shin	56,377	66,776
Others	4,397	6,096
Subtotal	149,303	109,740
Other receivables - other (including payment on behalf of others)		
Ultimate parent	23	7
Associate of parent company	106	76
Subtotal	129	83
Total	\$ 149,855	\$ 178,079

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, 2023</u>	<u>December 31, 2022</u>
Notes payable:		
Ultimate parent	\$ -	\$ 728
Associate of parent company		
Tong-An Assets	808	676
Others	159	82
Subtotal	<u>967</u>	<u>1,486</u>
Accounts payable:		
Ultimate parent	3,163	465
Major shareholder	4,604	-
Associate of parent company	1,398	278
Subtotal	<u>9,165</u>	<u>743</u>
Other payables-others:		
Ultimate parent	356	3,004
Associate of parent company		
Information Technology	1,850	163
Jie Zheng	60	1,270
Subtotal	<u>2,266</u>	<u>4,437</u>
Total	<u>\$ 12,398</u>	<u>\$ 6,666</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.

F. Unearned revenue:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unearned revenue		
Ultimate parent	<u>\$ 100</u>	<u>\$ 94</u>

G. Property transactions

(a) Acquisition of property, plant and equipment:

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Associate of parent company	<u>\$ -</u>	<u>\$ 114</u>

(b) Acquisition of intangible assets:

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Associate of parent company	<u>\$ 7,856</u>	<u>\$ -</u>

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
Associate of parent company	\$ -	\$ 45,265

F. Lease transactions — lessee

The Company leases 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 month.

(a) Right-of-use assets

	December 31, 2023	December 31, 2022
Associate of parent company		
Tong-An Assets	\$ 11,316	\$ 33,949

(b) Lease liability

	December 31, 2023	December 31, 2022
Associate of parent company		
Tong-An Assets	\$ 11,439	\$ 34,072

(c) Interest expense

	For the year ended December 31, 2023	For the year ended December 31, 2022
Associate of parent company	\$ 316	\$ 36

(4) Key management compensation

	For the year ended December 31, 2023	For the year ended December 31, 2022
Salaries and other short-term employee benefits	\$ 9,104	\$ 16,484
Post-employment benefits	77	3,200
Total	\$ 9,181	\$ 19,684

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Other non-current assets - time deposits	\$ 32,180	\$ 34,698	Note
Other non-current assets - guarantee deposits paid	1,190	1,190	"
Total	\$ 33,370	\$ 35,888	

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

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

The Company has received legal opinion from law firm regarding labor mediation for wage claims. As of December 31, 2023, the matter was still under court mediation, and the Company has accounted for the assessed losses based on the mediation proposal.

(2) Commitments

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 36,940	\$ 4,198
Intangible assets	-	7,634
Total	<u>\$ 36,940</u>	<u>\$ 11,832</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) 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.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Investments designated as equity instrument	<u>\$ 731,787</u>	<u>\$ 654,476</u>
Financial assets at amortised cost		
Cash and cash equivalents	922,883	1,044,533
Notes receivable (including related parties)	23,008	82,460
Accounts receivable (including related parties)	694,898	640,590
Other receivables (including related parties)	10,411	8,963
Other non-current assets - guarantee deposits paid	52,587	51,718
Other non-current assets - time deposits	32,180	34,698
	<u>\$ 1,735,967</u>	<u>\$ 1,862,962</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable (including related parties)	\$ 1,324	\$ 2,107
Accounts payable (including related parties)	373,373	409,414
Other payables (including related parties)	421,617	538,717
Guarantee deposits received	5,167	5,217
	<u>\$ 801,481</u>	<u>\$ 955,455</u>
Lease liability	<u>\$ 1,266,742</u>	<u>\$ 1,348,818</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:

(Foreign currency: functional currency)	December 31, 2023		
	Foreign currency amount	Exchange	Carrying amount
	(In thousands)	rate	(New Taiwan dollar)
<u>Financial assets</u>			
<u>Non-monetary items</u>			
Investments accounted for under the equity method VND:NTD	5,583,981	0.00124	6,952
(Foreign currency: functional currency)	December 31, 2022		
	Foreign currency amount	Exchange	Carrying amount
	(In thousands)	rate	(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

- iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to (\$15) and (\$27), respectively.

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, 2023 and 2022 would have increased/decreased \$36,589 and \$32,724, 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 60 days.
- iv. The Company classifies customers' 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, 2023 and 2022, the provision matrix, loss rate methodology is as follows:

December 31, 2023	Not past due	Past due			Total
		Up to 30 days	31 to 90 days	Over 91 days	
Expected loss rate	0.18%~1%	1%~2%	1%~5%	1%~100%	
Total book value	\$ 518,525	\$ 24,826	\$ 2,425	\$ 7,353	\$ 553,129
Loss allowance	(\$ 915)	(\$ 478)	(\$ 81)	(\$ 6,060)	(\$ 7,534)

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)

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, 2023	
	Accounts receivable	Notes receivable
Opening net book amount as at January 1	\$ 7,577	\$ 30
Reversal of impairment loss	( 43)	( 2)
Closing net book amount as at December 31	<u>\$ 7,534</u>	<u>\$ 28</u>
	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>

(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, 2023 and 2022, the Company held money market position of \$922,833 and \$1,044,533, 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:

		Between 3					
	Less than 3	months and	Between 1	Between 2			
December 31, 2023	months	1 year	and 2 years	and 5 years	Over 5 years	Total	
Notes payable (including related parties)	\$ 1,324	\$ -	\$ -	\$ -	\$ -	\$ 1,324	
Accounts payable (including related parties)	\$ 373,373	\$ -	\$ -	\$ -	\$ -	\$ 373,373	
Other payables (including related parties)	\$ 383,852	\$ 37,765	\$ -	\$ -	\$ -	\$ 421,617	
Lease liabilities (including related parties)	\$ 53,366	\$ 137,799	\$ 156,722	\$ 367,374	\$ 653,022	\$ 1,368,283	

Non-derivative financial liabilities:

		Between 3					
	Less than 3	months and	Between 1	Between 2			
December 31, 2022	months	1 year	and 2 years	and 5 years	Over 5 years	Total	
Notes payable (including related parties)	\$ 2,047	\$ 60	\$ -	\$ -	\$ -	\$ 2,107	
Accounts payable (including related parties)	\$ 403,058	\$ 6,356	\$ -	\$ -	\$ -	\$ 409,414	
Other payables (including related parties)	\$ 470,222	\$ 68,495	\$ -	\$ -	\$ -	\$ 538,717	
Lease liabilities (including related parties)	\$ 49,737	\$ 143,499	\$ 163,950	\$ 359,754	\$ 737,344	\$ 1,454,284	

(3) 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, 2023 and 2022 are as follows:

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

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at				
fair value through				
other				
comprehensive				
income				
Equity securities	\$ <u>731,787</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>731,787</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at				
fair value through				
other				
comprehensive				
income				
Equity securities	\$ <u>654,476</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>654,476</u>

(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, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. For the years ended December 31, 2023 and 2022, 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.

Taiwan Pelican Express Co., Ltd.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by		Relationship with the securities			As of December 31, 2023				Note
		Marketable securities	issuer	General ledger account	shares	Carrying amount	Ownership (%)	Fair value	
Taiwan Pelican Express Co., Ltd.	Stock	TECO ELECTRIC & MACHINERY CO., LTD.	Ultimate parent	Non-current financial asset measured at fair value through other comprehensive income	7,070,000	\$ 330,876	0.33%	\$ 330,876	None
Taiwan Pelican Express Co., Ltd.	Stock	Momo.com Inc.	Not applicable	Non-current financial asset measured at fair value through other comprehensive income	787,644	400,911	0.32%	400,911	None
Taiwan Pelican Express Co., Ltd.	Stock	ASIAN CROWN INTERNATIONAL CO., LTD.	Not applicable	Non-current financial asset measured at fair value through other comprehensive income	207,319	-	1.75%	-	Note 1
						\$ 731,787		\$ 731,787	

Note 1: As of December 31, 2023, accumulated impairment of \$24,746 was accrued.

Taiwan Pelican Express Co., Ltd.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions		Notes/accounts receivable (payable)				Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)			
Taiwan Pelican Express Co., Ltd.	TECO ELECTRIC & MACHINERY CO., LTD.	Ultimate parent	Sale	\$ (279,921)	-6.72%	Note 1	Not applicable	Not applicable	Accounts receivable	\$ 88,529	12.74%	None	
Taiwan Pelican Express Co., Ltd.	An-shin Food Service Co., Ltd.	Associate of parent company	Sale	(217,203)	-5.21%	Note 1	Not applicable	Not applicable	Accounts receivable	56,377	8.11%	None	

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

Taiwan Pelican Express Co., Ltd.  
Information on investees  
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income of investee as of December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Taiwan Pelican Express Co., Ltd.	Pelecanus Express Pte. Ltd.	Singapore	Investing in overseas companies	\$ -	\$ 25,794	-	Note 1	\$ -	\$ -	\$ -	Note 1
Taiwan Pelican Express Co., Ltd.	Pelican Express (Vietnam)Co., Ltd.	Vietnam	Logistic business	5,750	5,750	-	100	6,952	717	717	None

Note 1 : Pelecanus Express Pte. Ltd. has completed disssolution process

Taiwan Pelican Express Co., Ltd.  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Beijing Pelican Express	Warehouse storage service	\$ 26,422	Note 1	\$ 26,422	\$ -	\$ -	\$ 26,422	\$ -	Note 1	\$ -	\$ -	\$ -	None
Fubon Gehua (Beijing) Enterprise Co., Ltd.	Wholesale business	335,343	Note 2	24,746	-	-	24,746	-	1.63	-	-	-	Notes 3 and 4

Note 1: Beijing Pelican Express had been dissolved.

Note 2: Reinvested in Mainland China through reinvested in the third area, Asian Crown International Co., Ltd.

Note 3: Financial assets at fair value through other comprehensive income.

Note 4: As of December 31, 2023, accumulated impairment of \$24,746 was accrued.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	Footnote
Taiwan Pelican Express Co., Ltd.	\$51,168	\$51,168	\$ 1,335,053	Note 5

Note 5: In accordance with 'Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China' and 'Rules on Review of Investment and Technology Cooperation in Mainland China' amended by Investment Commission, Ministry of Economic Affairs effective on August 29, 2008, the ceiling of investment of investors (not as personal and small and medium enterprise) in Mainland China is the net assets of the investors or 60% of consolidated net assets, whichever is higher.

Taiwan Pelican Express Co., Ltd.  
Major shareholders information  
December 31, 2023

Table 5

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
TECO ELECTRIC & MACHINERY CO., LTD.	24,121,700	25.26%
Itochu Taiwan Corporation	18,138,500	18.99%
Tong-An Investment Co., Ltd.	6,474,468	6.78%



**F. Difficulty in financial solvency on the part 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	2023	2022	Increased (decreased) value	Rate of change %	Explanation
Liquid assets	1,685,499	1,829,560	(144,061)	(7.87)	
Financial assets measured at fair value through other comprehensive income non-liquid	731,787	654,476	77,311	11.81	
Property, plant, and equipment	611,982	682,860	(70,878)	(10.38)	
Usage-right assets	1,200,933	1,289,007	(88,074)	(6.83)	
Other assets	117,334	115,079	2,255	1.96	
Total assets	4,347,535	4,570,982	(223,447)	(4.89)	
Liquid liabilities	996,973	1,168,495	(171,522)	(14.68)	
Lease liabilities non-liquid	1,092,502	1,173,108	(80,606)	(6.87)	
Other liabilities	32,972	31,071	1,901	6.12	
Total liabilities	2,122,447	2,372,674	(250,227)	(10.55)	
Share capital	954,670	954,670	0	-	
Capital reserve	300,082	300,082	0	-	
Retained earning	512,667	562,924	(50,257)	(8.93)	
Shareholders' equity and other adjustment items	457,669	380,632	77,037	20.24	note
Total shareholders' equity	2,255,088	2,198,308	56,780	2.58	

Main explanation for major change items for assets, liabilities, and shareholders' equity (change exceeding 20% or NT\$10 million in value)

Note: Shareholders' equity and other adjustment items increased, due to increase in market value of financial assets in the year

Counter plan for major influences: not applicable

## B. Financial performance

### (a) Table of performance comparison and analysis

Unit: NT\$1,000

Item \ Year	2023	2022	Increased (decreased)	Change rate (%)	Explanation
Revenue	4,188,461	4,509,706	(321,245)	(7.12)	
Operating cost	(3,633,035)	(3,836,081)	203,046	( 5.29)	
Operating gross profit	555,426	673,625	(118,199)	(17.55)	
Operating expenses	( 448,345)	(469,440)	21,095	(4.49)	
Net operating income	107,081	204,185	(97,104)	(47.56)	Note 1
Non-operating income and expenses	8,507	12,022	(3,515)	(29.24)	Note 2
Pretax net profit	115,588	216,207	(100,619)	(46.54)	Note 1
Income tax expense	(21,092)	(39,765)	18,673	(46.96)	Note 1
Current net profit (loss)	94,496	176,442	(81,946)	(46.44)	Note 1
Other comprehensive income (net)	75,579	(528,480)	604,059	(114.30)	Note 3
Comprehensive income attributed to parent company	170,075	(352,038)	522,113	(148.31)	Note 4

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, income tax expenses, and current net profit dropped, due to increased current operating cost.

Note 2: Non-operating income and expenses dropped, due to increased payment for payment of compensations for vocational car accidents

Note 3: Other comprehensive income (net) increased, due to value, in terms of non-liquid market price, of financial assets assessed with fair value in comprehensive income increased than increased than the previous year, boosting unrealized evaluation benefits.

Note 4: Comprehensive income attributed to parent company increased: due to decrease of net current profit and increase of other comprehensive income

### (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 2023

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 financial 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
1,050,531	295,418	(418,225)	(224)	927,500	-	-
1. Analysis of change in cash flow in the recent year (2023) (1) NT\$295,418,000 net cash inflow for business activities, mainly generated from operation. (2) NT\$64,664,000 net cash outflow for investment activities, mainly for payment for property, plant, and equipment. (3) NT\$353,561,000 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 (2024)

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 activities (3)	Cash balance (shortfall) (1)+(2)+(3)	Remedy for expected cash shortfall	
				Investment plan	Wealth- management plan
927,500	357,409	(305,679)	979,230	-	-
1. Analysis of cash-flow change in the coming one year (2024) (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. Influence of major capital outlays on finance and business in the latest year**

### **(a) Major capital outlays and utilization status**

Unit: NT\$1,000

Project item	Actual or expected fund source	Total fund in need (2023 and 2022)	Actual fund utilization status	
			2023	2022
Transportation equipment	Own fund	110,888	4,122	106,766
Total		110,888	4,122	106,766

### **(b) Expected benefits:**

In the recent two years, the company has decommissioned 80 3.49-ton trucks and purchased 80 trucks, 74 5-ton truck, and six 2.7-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 to 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.	-	Overseas investment in the form of investment holding	-	Completion of the procedure of dissolution and cancellation in 2023	-	Nil
Pelican Express (Vietnam) Co.,Ltd.	5,750	Warehousing service	717	Following preparation period in 2020, the company was inaugurated 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% in March 2023 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 integrates the management and control of transport channels and commodities, for incorporation in a safe and stable tracking system. Meanwhile, to keep up the company's competitiveness and cope with changes in market environment and industrial trend, the company has endeavored to grasp latest innovative technology, including information technological development, for application in an integrated operating strategy, plus maintenance of stable and flexible financial management, so as to retain its competitive edge. As of the printing of the annual report, there had been no major incidents warranting the activation of crisis-management mechanism and report to the competent authority.

- (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	
	2022	2023
Cost of goods sold	248,487	225,094
Operating cost	3,836,081	3,633,035
Share of goods sold in oerating cost (%)	6.48	6.20

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 accounting for 23.63% 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.

Unit: NT\$1,000

Cases	Starting date	Parties in major litigations	Expected loss	Current handling status
Nil				

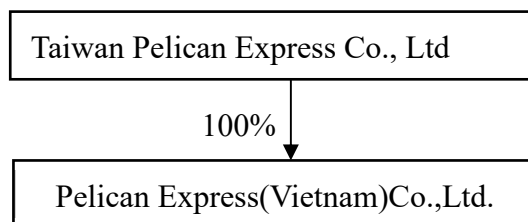
**G. Other major risks and countermeasures: nil**

## 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.	2010.04	18 Chin Bee Drive Singapore (619865)	-	Investment holding for overseas enterprise
Pelican Express(Vietnam)Co.,Ltd.	2020.11	Ho Chi Minh City, Vietnam	5,750	Warehousing and logistics

##### 3. Businesses covered by the operations of affiliates

Via the company's affiliate Pelecanus Express Ptd. Ltd., the company invested in Beijing Pelican Express Co., Ltd. for the main business of warehousing management. Both Pelecanus Express Ptd. Ltd. and Beijing Pelican Express Co., Ltd., however, have been dissolved, followed by cancellation of their registration.

Incorporated in Vietnam, Pelican Express (Vietnam) Co., Ltd. is mainly engaged in warehousing management, transportation, and export packaging for local customers.

##### 4. Common shareholders for two entities Inferred as having a control-subordination relationship: nil

## 5. Names of the directors, supervisors, and presidents of affiliates

March 31, 2024

Corporate name	Title	Name or representative	Shareholding	
			Number of shares	Number of shares
Pelican Express (Vietnam) Co., Ltd.	Chairman	Hsu Chin-yi (Taiwan Pelican Express)	Note 1	100%
	President, director	Chou Cheng-hsiung (Taiwan Pelican Express)	Note 1	100%
	Supervisor	Liao Hao-ting (Taiwan Pelican Express)	Note 1	100%

Note 1: Company limited by share, with only investment value without shareholding

Note 2: Hsu Chin-yi was appointed as the Chairman of Pelican Express (Vietnam) Co., Ltd. on March 4th, 113, while Peng Chi-tseng., the former chairman, was dismissed on March 4th, 113.

Note 3: Liao Hao-ting was appointed as the supervisor of Pelican Express (Vietnam) Co., Ltd. on March 4th, 113, while Wang Po-kang, the former supervisor, was dismissed on March 4th, 113.

## 6. 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.	-	-	-	-	-	-	-	-
Pelican Express (Vietnam) Co., Ltd.	5,750	8,657	1,705	6,952	19,874	596	717	

Pelecanus Express Pte. Ltd. was dissolved in 2023, followed by registration cancellation.

(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 2023 (Jan. 1 2023-Dec. 31, 2023), 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. 26, 2024

(c) Report of affiliates: nil

**B. Status of private placement of securities: nil**

**C. Holding or disposal of the company's stock by subsidiaries: nil**

**D. Other items needing extra explanation: nil**

**E. Occurrence of items with major influence on shareholders' equity or securities price, as stipulated in item 3-2, article 36, of the Securities and Exchange Act in the latest year and as of the date of the printing of the annual report: nil**

Chairman Chiu, Chwen-jy  
Taiwan Pelican Express Co., Ltd.



pelican  
**宅配通**



**Taiwan Pelican Express Co., Ltd.**  
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