

Stock code: 5603

**SEA & LAND INTEGRATED CORP.**

**2023**  
**Annual Report**

**Publication date: April 30, 2024**  
**MOPS Website: <http://mops.twse.com.tw>**  
**Company Website: [www.sea-land.com.tw](http://www.sea-land.com.tw)**

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**V. The name of any exchanges where the Company's securities are traded offshore and the method by which to access information on said offshore securities:** None.**VI. Website of the Company:** [www.sea-land.com.tw](http://www.sea-land.com.tw)

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# Chapter 1 Letter to Shareholders

## I. 2023 business report.

The operating conditions of each business division of the Company in 2023 are as follows:

### Container Inland Haulage Service:

Inland container transport is closely related to the global goods trade scene, In recent years, it has been affected by factors such as inflation, consumption contraction and major international events (such as competition between the United States and China, geopolitical conflicts, and the Ukraine-Russia war), Resulting in continued slump in import and export volume, It is not conducive to freight rates, and it also intensifies the price competition among container transportation industries. And the competition for market share has a direct impact on the company's revenue., The continued high oil prices, labor shortages and wage increases, labor law challenges, and increases in equipment costs and warranty fees are all important factors affecting profitability. However, medium and large customers have begun to pay attention to ESG issues, Our company has also been actively promoting this in advance and has begun to be recognized by customers, which will surely make the relationship between customers and the company closer, and reduce the impact of price competition among peers.The Division made a profit of NT\$53,804 thousand.

### Heavylift Haulage & Erection Service:

In recent years, it has successively received equipment renewal and transportation projects for multiple sets of generator sets from major power plants in Xingda, Taichung, Senba and Datan. At the same time, Offshore wind power generation is an important green energy promotion project for the government to achieve energy transition, The company has extensive experience in the transportation and hoisting of heavy machinery, and has obtained a number of projects for offshore wind power generation equipment and dock shore lifting and transportation. In terms of coastal ship transportation, the number of ships it owns includes powered tugboats, work boats, and unpowered platform barges. The current number has reached eight vessels, Make the transportation method more flexible in operation, arrangement and matching, and provide more diversified choices for the transportation of large heavy machinery parts.With years of experience, we have established ourselves as a

preferred partner for both domestic and international clients. The Business Division made a profit of NT\$89,977 thousand.

Gas station business: The Business Division made a profit of NT\$2,479 thousand.

Foreign wine business:

Professional agent for importing foreign wine , with a distribution network throughout the province, With professional logistics and distribution from central warehousing and diversified marketing channels, we provide immediate and comprehensive services. In recent years, as inflation has pushed up the cost of raw materials and transportation, the price of imported alcoholic beverages has increased, which has tightened consumer demand. In 2023, the alcohol retail market has become cooler month by month. With the diversification of products and strategic application, the business has made a profit of NT\$12,547 thousand.

To sum up, the consolidated operating income in 2023 is NT\$1,803,062 thousand, the net operating profit is NT\$88,189 thousand, the net profit before income tax is NT\$227,292 thousand, the net profit after income tax is NT\$207,619 thousand, the current net profit after tax attributed to the owner of the parent company is NT\$202,909 thousand, and the net profit per share is NT\$1.93

(II) Financial revenue and expenditure and budget implementation results:

Unit: NT\$ thousand

Subject name:	Actual performance of 2022	Objectives of 2022	Objective achievement rate
Operating revenue	1,803,062	2,061,202	87%
Operating costs	1,529,408	1,669,802	92%
Gross profit from operations	273,654	391,400	70%
Operating expenses	185,465	284,925	65%
Net operating income	88,189	106,475	83%
Non-operating income and expenses	139,103	89,158	156%
Profit before tax	227,292	195,633	116%
Tax expense	19,673	19,787	99%
Profit	207,619	175,846	118%

Note: The budget values above are the internal budget of the Company and have not been audited by a CPA.

(III) Profitability analysis:

Item of analysis	Ratio
Return on assets	7.82%
Return on equity	11.16%
Ratio to paid-in capital	Net operating income
	Profit before tax
Profit ratio	8.41%
Earnings per share (NT\$)	21.67%
	11.51%
	1.93

(IV) Research and development status:

1. Container transportation: The Company introduced the fleet GPS monitoring system and blind area monitoring equipment, and signed maintenance contracts with excellent manufacturers to conduct regular maintenance and improve the carrying efficiency of the equipment.
2. Heavylift Haulage & Erection Service: The Company is strengthening its special transportation technology and cultivating professional personnel to create order receiving advantages.

## II. Overview of 2024 Business Plan:

### (I) Business Policies:

#### Container transport:

Provide the best performance and safe transport equipment, and develop new routes for new customers and shipping companies.

#### Heavy machinery transport and lifting:

Actively grasp the major projects in China, and develop business and create profits with complete planning and professional technology.

### (II) Expected Sales and Basis:

#### Anticipated Sales and Rationale:

##### Container Transportation Division:

It is expected that in the second half of 2024, inflation is expected to slow down, inventory digestion will come to an end, global demand for commodities will recover, which will lead to trade growth, and market supply and demand will return to normal, with an increase in import and export volume.

##### Heavy machinery transport and lifting:

In 2024, Heavy Machinery's major businesses are as follows: transportation of equipment for natural gas outlets in northern Taiwan, barge transportation of heavy loads for power plant units in southern Taiwan, transportation of power plants in central Taiwan, transportation of imported equipment for the MRT's San-Ying Line and the second phase of the power plant in Tainan, moving of train compartments in the National Railway Museum, and rental of barges, among others.

### (III) Important Production and Marketing Policies:

#### Container Transportation Division:

All container transport equipment used by our company are tractor-trailer trucks that meet environmental standards to reduce carbon emissions. In order to enhance transport safety, we have installed front and rear blind zone warning systems on all tractor-trailer trucks, which are replaced with new ones every year according to the safe depreciation life. We provide drivers with occasional education and training in professional transport and safety lectures, and our internal controls include a driver safety bonus and energy-saving fuel consumption bonus to encourage drivers to comply with driving safety, reduce carbon emissions, and enhance driver and cargo safety. We are actively studying the possibility of introducing new energy vehicles in the hope that we can take the lead in the industry and make advance preparations for the new transport situation in the next generation.

#### Heavy machinery transport and lifting:

We actively support and cooperate with government policies, such as the expansion and renovation of Taipower and private power plants, the construction of LNG receiving terminals, the expansion of MRT network carriage transport, and the transport of wind turbines. At the same time, we also take the initiative to conduct preliminary research and planning with property owners to ensure continuous communication, conduct data evaluation, and provide immediate advice in order to obtain the best opportunities for bidding projects. In order to enhance our competitiveness and market share in the market and effectively utilise our marketing resources and execution capabilities, we have entered into a strategic partnership with Giant Heavy Machinery, a reinvested affiliate, to expand our market, secure business opportunities, enhance profitability, and achieve further success.

**(IV) Future Company Development Strategies:**

**Container transportation:**

In terms of transport equipment, we continue to introduce the latest and best vehicles that comply with environmental protection regulations to maintain the best loading capacity; in terms of human resources, we continue to attract good talents and actively train them to improve the quality of our services; in terms of customers, we maintain friendly and long-term relationships; in terms of suppliers and the industry, we have established long-term partnerships; we maintain a certain ratio of external vehicles to make the loading capacity more flexible; in terms of management systems, we continue to optimise and enhance the application of information software technology; in terms of ESG, we actively invest in the relevant sustainable development plans.

**Heavy machinery transport and lifting:**

In response to the government's energy development towards a greater proportion of green energy, our Heavy Machinery Division is also actively looking for opportunities to contact offshore wind power developers, equipment manufacturers and installation companies, in the hope that we can have a more comprehensive enhancement in the loading and unloading, transport, storage site construction management and marine vessel capabilities.....etc.

**(V) Impact of external competitive environment, regulatory environment, and overall business environment:**

**Container Transportation Division**

1. Impact of external competition: In addition to price cutting by the same industry, the shortage of labour and decrease in population have led to a significant decrease in the number of drivers willing to work in the container transport industry and the retirement of existing drivers, resulting in an increase in operating costs.
2. Impact of regulations: In order to improve air quality, tractor-trailers used in container transport are required to comply with the latest environmental standards in the future, which will increase equipment costs.
3. Impact on the overall operating environment: The main impacts on the overall operating environment were price cuts by the same industry, increase in equipment costs, and shortage of drivers.

**Heavy machinery transport and lifting:**

1. Influence of external competitive environment: The supply and demand of heavy machinery equipment is global, and countries such as Europe and the United States, Japan, and Korea are actively exporting technology and equipment. In recent years, Mainland China has been rapidly developing major infrastructures in Southeast Asian countries, and has been competing for bids at low prices, which has increased the pressure of competition.
2. Influence of regulatory environment: Heavy machinery and equipment transport is a project nature, according to the needs of each project, applying for approval of the relevant units to transport. In recent years, due to the rising awareness of environmental protection, coastal transport is more prone to fishermen's protests, which affects fishing operations, and requires co-ordination through the relevant units and discretionary subsidies.
3. Impacts of the overall business environment: High equipment costs, internationalisation of competitors, and professional manpower training are impacts of the overall business environment in which this industry operates.

The company is a transport service industry, adhering to the "customer first, safety first, service-oriented" business philosophy, give full play to the excellent service established over the years, combined with the transport industry, together to create a good result.

I would like to wish you all

good health and good luck.

Chairman: Ho, Ying-Jin

Manager: Ho, Ying-Jin

Accounting Head: Hu, Li-Hua

# Chapter 2 Introduction to the Company

I. Date of establishment: June 21, 1973

II. Company history:

1. In June 1973, the Company was established with a capital of NT\$10,000,000.

In October 1975, the International Transportation Department was established to engage in the transportation and hoisting of heavy machinery parts.

In April 1981, the Company merged Lufeng Transportation Enterprise Co., Ltd., and the capital after the merger was NT\$36,700,000.

In June 1995, the Company was approved by the Securities Exchange Commission, Ministry of Finance via the letter referenced (84) Tai-Tsai-Cheng (I) No. 31893 to publicly issue its shares.

In December 1995, the Company passed the evaluation of SGS Certification Company of the United Kingdom and obtained the international certification of UKAS International Quality Management and Quality Assurance (ISO 9002) of the United Kingdom. The certified items include the container transportation business and transportation and lifting of heavy machinery parts.

In January 1997, the Company was approved by the Gretai Securities Market via the letter referenced (85) Cheng-Gui-Shang No. 12732 to have its shares listed on the OTC market.

In April 1999, the Company was renamed Sea & Land Integrated Corp. in line with its diversified operations.

In March 1993, the Company cancelled its treasury shares of NT\$39,910,000, and the paid-in capital after capital reduction was NT\$616,975,440.

In October 2008, the Company converted its earnings to capital increase and new shares were issued at NT\$12,339,510. After the capital increase, the paid-in capital was NT\$629,314,950.

In July 2014, the Company's secured convertible corporate bond was converted and new shares of NT\$1,460,800 were issued. After the capital increase, the paid-in capital was NT\$630,775,750.

In September 2014, the Company converted its earnings to capital increase and new shares were issued at NT\$25,172,590. After the capital increase, the paid-in capital was NT\$655,948,340.

In December 2014, a capital increase in cash of NT\$90,000,000 was performed through the issuance of new shares, and the paid-in capital after the capital increase became NT\$745,948,340.

In September 2015, the Company converted its earnings to capital increase and new shares were issued at NT\$37,297,410. After the capital increase, the paid-in capital was NT\$783,245,750.

In October 2021, the Company converted its earnings to capital increase and new shares were issued at NT\$23,497,380. After the capital increase, the paid-in capital was NT\$806,743,130.

In October 2022, the Company converted its earnings to capital increase and new shares were issued at NT\$242,022,940. After the capital increase, the paid-in capital was NT\$1,048,766,070.

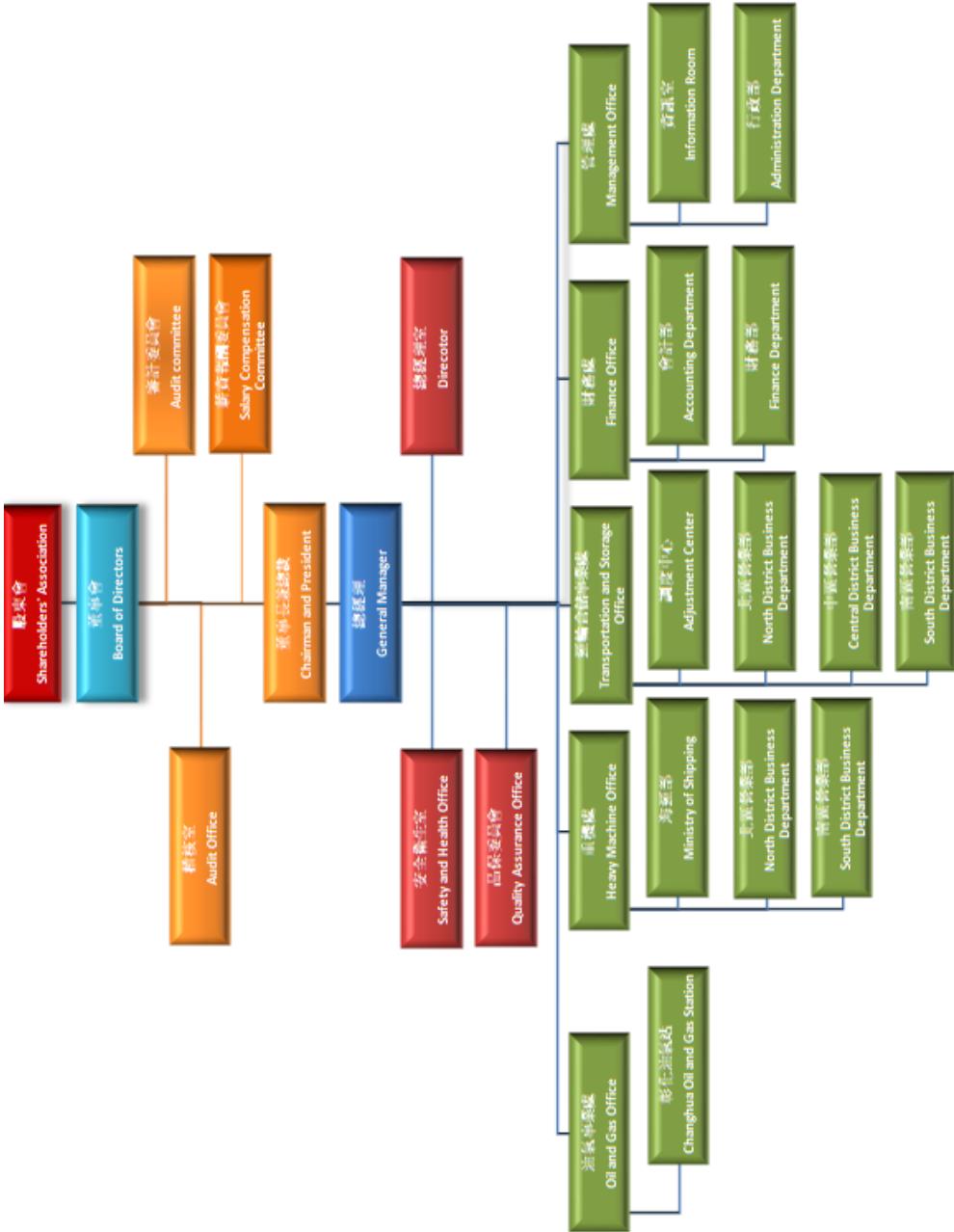
2. For the most recent year and up to the date of printing of the annual report, the mergers and acquisitions, reinvestments in affiliated enterprises, restructurings, significant transfers or changes in the equity interests of directors, supervisors or major shareholders holding more than 10% of the shares, changes in management rights, significant changes in operating methods or business content, and other important matters that may affect shareholders' equity, as well as their impact on the Company: None.

# Chapter 3 Corporate Governance Report

## 1. Organization: (1) Company organization

Organization Chart of Sea & Land Integrated Corp.

December 31, 2023



(II) Businesses of key departments

Department	Service item
Oil and Gas Division	Oil filling and LPG filling business.
Heavy Machinery Division	Hoisting engineering contracting, hoisting and installation of heavy machinery.
Transportation and Storage Division	Container transportation and storage.
Finance Division	Financial planning and risk management, operations related to stock affairs and investor relations, accounting operations and tax filing.
Management Division	Coordinating the planning and implementation of human resources management, rewards and welfare, employee health promotion, general affairs administration, and safety and health.

**II. Information about directors, supervisors the president, vice presidents, assistant vice presidents, and heads of departments and branches:**

**(1) Directors and supervisors**

Title	Name	Gender Age	Date elected (taking office)	Term	Date elected	Number of shares held when elected	Current shareholding		Shareholding in other people's names	Shareholding of spouse and minor children	Current concurrent position at the Company and other companies	Experience (education)	Manager, directors or supervisors of the Company who are the spouse or relatives within the second-degree of kinship	Remark	
							Number of shares	Shareholding ratio							
Chairman ROC	Ho, Ying-Jin	Male 61-65	June 27, 2022	Three years	April 27, 1995 (note 1)	8,550,125	10.6	11,115,162	10.6	3,268,499	3.12	0	0	Chungyu Institute of Technology (note 2)	None None None (note 3)
Director ROC	Chien, Chung-Jung	Male 61-65	June 27, 2022	Three years	June 18 2014	0	0	0	0	0	0	0	0	Master of Management, Baker University, Kansas, USA (note 4)	None None None . .
Director ROC	Hung, Keng-Shu	Male 56-60	June 27, 2022	Three years	June 20, 2013	31,685	0.04	41,190	0.04	0	0	0	0	Shude Industrial College (note 5)	Director and President, Sea & Land Wine & Spirits Incorporation . .
Director ROC	Lien, Chin-Chih	Male 56-60	June 27, 2022	Three years	June 16, 2016	9,733	0.01	12,652	0.01	19,185	0.02	0	0	Master of Information Engineering, Tatung University (note 5)	None None None . .
Director ROC	Lin, Hsia-Hung	Male 51-55	June 27, 2022	Three years	May 23, 2001	606,100	0.75	787,930	0.75	0	0	0	0	Tansui Institute of Business Administration (note 5)	Director of Champion Ace. international. Trade Co., Ltd. . .
Independent Director ROC	Tung, Young-Cheng	Male 61-65	June 27, 2022	Three years	June 16, 2016	0	0	0	0	0	0	0	0	Master of Business Management, Tatung University (note 5)	None None None . .
Independent Director ROC	Lin, Jy-Sheng	Male 56-60	June 27, 2022	Three years	June 16, 2016	0	0	0	0	0	0	0	0	EMBA, National Taiwan University (note 5)	None None None . .
Independent Director ROC	Lee, Yeh-Chung	Male 66-70	June 27, 2022	Three years	June 27, 2022	0	0	0	0	0	0	0	0	Shipping Management Department, National Taiwan Ocean University (note 6)	Director, 3L-Leemark Logistics Ltd. . .
Independent Director ROC	Chiang, Kuo-Cheng	Male 66-70	June 09, 2023	Two years	June 09, 2023	0	0	0	0	0	0	0	0	Master's degree from University of Minnesota (note 6)	None None None . .

Note 1: The initial election date of Chairman Ho, Ying-Jin was in June 1995 when the Company's shares were publicly issued.

Note 2: President of the Company, Chairman of Sea & Land Wine & Spirits Incorporation (representative of Sea & Land), Chairman of Sea & Land Sinogreenenergy Inc. (representative of Sea & Land), Chairman of Chiayi New Energy Co., Ltd. (representative of Sea & Land), Director of Giant Heavy Machinery Service Corp. (representative of Sea & Land), Chairman of Champion Shipping Agency Co., Ltd., Chairman of Deluxe Wine & Spirits Inc., Supervisor of Meiho Shipping Agency, Chairman of Hongda Tally, Chairman of Lufeng Shipping Engineering, Director of Sumiso (Taiwan) Co., Ltd. (representative of Li Feng), Supervisor of Kamigumi (Taiwan) Co., Ltd., Chairman of Yiyou Investment (representative of Deluxe Wine & Spirits Inc.), Supervisor of Shengho Energy (representative of Yiyou Investment), Supervisor of Hongtai Industry, Principal of Eternal (representative of Sea & Land), Principal of Glory Base (representative of Eternal), Principal of Peace King (representative of Eternal), and Principal of Formosa (representative of Glory Base)

Note 3: The Chairman and the President are the same person, and the Company has increase the number of independent directors.

Note 4: Chairman of Meiho Shipping Agency, Director of Sea & Land Sinogreenenergy Inc., Director of Sea & Land Wine & Spirits Incorporation, Director of Giant Heavy Machinery Service Corp., Director of Taiwan International Ports Heavy-Machinery Corporation Ltd. (representative of Giant Heavy Machinery) and Chairman of Charlie Global Limited Company.

Note 5: Special Assistant to the General Manager's Office of the Company, Supervisor of Sea & Land Sinogreenenergy Inc., and Supervisor of Tiantai Optoelectronics (representative of Sea & Land)

Note 6: Independent Director Chiang, Kuo-Cheng was newly appointed on June 09, 2023.

※ Major shareholders of directors who are corporate shareholders: None.

※ Major shareholders of major shareholders who are corporate shareholders: Not applicable.

## I. Disclosure of professional qualifications and independence of independent directors:

Name Requirements	Professional qualification and experience	Independence status	Number of independent director positions concurrently serving in other public companies
Ho, Ying-Jin	<p>Experience in business and company operations and related businesses.</p> <p>Continuously served as a director of the Company.</p> <p>Years of experience in transportation related businesses.</p> <p>There are no circumstances under Article 30 of the Company Act.</p>		None.
Chien, Chung-Jung	<p>Experience in business and company operations and related businesses.</p> <p>Continuously served as a director of the Company.</p> <p>Years of experience in handling and transporting heavy machinery parts.</p> <p>There are no circumstances under Article 30 of the Company Act.</p>		None.
Hung, Keng-Shu	<p>Experience in business and company operations and related businesses.</p> <p>Continuously served as a director of the Company.</p> <p>Years of experience in the wine business.</p> <p>There are no circumstances under Article 30 of the Company Act.</p>		None.
Lien, Chin-Chih	<p>Experience in company operations.</p> <p>Continuously served as a director of the Company.</p> <p>Years of experience in the administration and management.</p> <p>There are no circumstances under Article 30 of the Company Act.</p>		None.
Lin, Hsiu-Hung	<p>Experience in business and company operations and related businesses.</p> <p>Years of experience in transportation related businesses.</p> <p>There are no circumstances under Article 30 of the Company Act.</p>		None.

Tung, Young-Cheng	<p>Experience in business and company operations and related businesses. Member of the Company's Remuneration Committee. Years of experience in securities firm related businesses.</p> <p>There are no circumstances under Article 30 of the Company Act.</p>	<p>Being an independent director who meets the requirements of independence, including but not limited to the fact that the person, spouse, or any relative within the second degree of kinship has not served as a director, supervisor or employee of the Company or its affiliated enterprises; does not hold the Company's shares; not serving as a director, supervisor or employee of a company that has a specific relationship with the Company; no remuneration is received for providing business, legal, financial, accounting, and other services to the Company or its affiliated enterprises in the past two years.</p>	None.
Lin, Jy-Shenp	<p>Experience in business, legal affairs and company operations and related businesses. Member of the Company's Remuneration Committee.</p> <p>There are no circumstances under Article 30 of the Company Act.</p>	<p>Being an independent director who meets the requirements of independence, including but not limited to the fact that the person, spouse, or any relative within the second degree of kinship has not served as a director, supervisor or employee of the Company or its affiliated enterprises; does not hold the Company's shares; not serving as a director, supervisor or employee of a company that has a specific relationship with the Company; no remuneration is received for providing business, legal, financial, accounting, and other services to the Company or its affiliated enterprises in the past two years.</p>	None.
Lee, Yeh-Chung	<p>Experience in business and company operations and related businesses. Years of experience in transportation related businesses.</p> <p>There are no circumstances under Article 30 of the Company Act.</p>	<p>Being an independent director who meets the requirements of independence, including but not limited to the fact that the person, spouse, or any relative within the second degree of kinship has not served as a director, supervisor or employee of the Company or its affiliated enterprises; does not hold the Company's shares; not serving as a director, supervisor or employee of a company that has a specific relationship with the Company; no remuneration is received for providing business, legal, financial, accounting, and other services to the Company or its affiliated enterprises in the past two years.</p>	None.

Chiang, Kuo-Cheng	<p>Experience in business and company operations and related businesses. There are no circumstances under Article 30 of the Company Act.</p>	<p>Being an independent director who meets the requirements of independence, including but not limited to the fact that the person, spouse, or any relative within the second degree of kinship has not served as a director, supervisor or employee of the Company or its affiliated enterprises; does not hold the Company's shares; not serving as a director, supervisor or employee of a company that has a specific relationship with the Company; no remuneration is received for providing business, legal, financial, accounting, and other services to the Company or its affiliated enterprises in the past two years.</p>	None.
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## II. Diversification and independence of the Board of Directors:

Diversification shall be considered for the composition of the Board of Directors; in addition that the number of directors who concurrently serve as managers of the Company shall not exceed one-third of the total number of directors, and the Board's own operations, operational patterns and development needs shall be considered to formulate appropriate diversification policies accordingly. The criteria shall include, but not be limited to, the following two broad aspects:

I. basic conditions and values: gender, age, nationality, and culture.

II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience.

Board members shall generally possess the knowledge, skills and literacy required to perform their duties.

Article 17 of the Company's Corporate Governance Best-Practice Principles clearly states: to achieve the ideal goal of corporate governance, the overall capabilities of the Board of Directors are as follows:

I. Operational judgment.

II. Accounting and financial analysis ability.

III. Operation and management ability.

IV. Crisis management ability.

V. Industrial knowledge.

VI. International market outlook.

VII. Leadership.

VIII. Decision making ability.

When selecting directors, the Company not only considers the professional background of the candidates, but also the diversification of members as an important factor.

The 17th-term of Board of Directors of the Company has a total of seven directors, four of whom are independent directors; the current independent director ratio is 44.44%. The members' professional backgrounds include industry operators, professional managers, as well as professionals in the fields of business and legal affairs.

The diversification policy of the current board members of the Company and implementation status are as follows:

Director name	Core of diversification	Basic composition							Industrial knowledge.				Professional competence							
		Nationality	Gender	Having the employee identity	Age			Seniority as an independent director	Transportation	Professional services and marketing	Finance	Commerce and supply	Information and technology	Operational judgment ability	Accounting and financial analysis ability.	Operation and management ability.	Crisis management ability.	International market outlook.	Leadership.	Decision making ability.
					40~50 years old	51~60 years old	61~70 years old													
Ho, Ying-Jin		ROC	Male	V	-	-	V	-	-	V	V	-	V	-	V	-	V	V	V	V
Chien, Chung-Jung		ROC	Male	V	-	-	V	-	-	V	V	-	V	-	V	-	V	V	V	V
Hung, Keng-Shu		ROC	Male	V	-	V	-	-	-	V	-	V	-	V	-	V	V	V	V	V
Lien, Chin-Chih		ROC	Male	V	-	V	-	-	-	V	V	-	V	V	-	V	V	V	V	V
Lin, Hsiao-Hung		ROC	Male	-	V	-	-	-	-	V	V	-	V	-	V	-	V	V	V	V
Tung, Young-Cheng		ROC	Male	-	-	-	V	-	V	-	V	V	V	-	V	V	V	V	V	V
Lin, Jy-Shenp		ROC	Male	-	-	V	-	-	V	-	V	V	V	-	V	V	V	V	V	V
Lee, Yeh-Chung		ROC	Male	-	-	-	V	V	-	V	V	V	V	-	V	V	V	V	V	V
Chiang, Kuo-Cheng		ROC	Male	-	-	-	V	V	-	-	V	V	V	V	V	V	V	V	V	V

(II) Information about the president, vice presidents, assistant vice presidents, and heads of departments and branches: April 14, 2024

Title	Nationality	Name	Gender	Date elected (taking office)	Shareholding		Current shareholding of spouse and minor children	Shareholding in other people's names	Shareholding in other people's names	Current concurrent positions at other companies	Managers with relationship of spouse or second degree kinship	Remark	
					Number of shares	Shareholding ratio							
President	ROC	Ho, Ying-Jin	Male	November 1, 1980	11,115,162	10.60	3,268,499	3.12	0	0	Already disclosed in the director's identity.	None.	The Chairman and the President are the same person, and the Company has increase the number of independent directors.
AVP of Central District Sales Department	ROC	Huang, Liang-Ping	Male	March 3, 2015	1,276	0.00	0	0	0	0	Keelung High School	None.	None.
AVP, Heavy Machinery Division	ROC	Tsai, Yi-Hsien	Male	April 1, 2010	114	0	0	0	0	0	Chung Cheng Institute of Technology	None.	None.
Finance Manager	ROC	Hu, Yu-Hui	Female	February 8, 2011	3,152	0	0	0	0	0	Supervisor, Taiwan Renewable Energy Co., Ltd.	None.	None.
Accounting Manager	ROC	Li, Yin-Hsueh	Female	December 5, 2016	1,458	0	0	0	0	0	Taipei Open College	None.	None.
Accounting Manager	ROC	Hu, Li-Hua	Female	December 5, 2016	3,300	0	0	0	0	0	Taipei Open College	None.	None.

**III. Remuneration paid to Directors, Supervisors, the President and Vice Presidents in the most recent year:**  
**(I) General and Independent Directors' Remuneration**

Title	Name	Directors' Remuneration				Relevant remuneration received by part-time employees				Total amount of items A, B, C, D, E, F and G as a proportion of the net profit after tax	Remuneration from reinvestment enterprises other than subsidiaries or parent company
		Remuneration (A)	Retirement pension (B)	Directors' remuneration (C)	Business execution expenses (D)	Salary, bonus and special expenses (E)	Retirement pension (F)	Employees' remuneration (G)			
Director	Ho, Ying-Jin	0	0	0	0	1,354	60	60	0.70%	5,652	0
Director	Chien, Chung-Jung	0	0	0	0	1,354	60	60	0.70%	400	400
Director	Hung, Keng-Shu	0	0	0	0	1,354	60	60	0.70%	2,750	0
Director	Lien, Chin-Chih	0	0	0	0	1,354	60	60	0.70%	1,813	0
Director	Lin, Hsiao-Hung	0	0	0	0	1,354	60	60	0.70%	0	142
Director	Corporate representative of Ever Glory Transportation – Wu, Bo-Hsiao	0	0	0	0	0	0	0	0.70%	0	0
Independent Director	Tung, Young-Cheng	0	0	0	0	1,354	60	60	0.70%	0	0
Independent Director	Lin, Iy-Shenp	0	0	0	0	1,354	60	60	0.70%	0	0
Independent Director	Lee, Yeh-Chang	0	0	0	0	1,354	60	60	0.70%	0	0
Independent Director	Chiang, Kuo-Cheng	0	0	0	0	1,354	35	35	0.68%	0	0

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid. : The company's independent directors' remuneration and other related payment policies are the same as those of general directors in accordance with the articles of association.
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises).This is not the case.

**Note 1: Incorporated Director - Ever Glory Transportation Limited Resignation on 15 January 2024.**

Remuneration Tier Table

Remuneration level of each supervisor of the Company	Director name		
	Total remuneration of the first three items (A+B+C)	Total remuneration of the first seven items (A+B+C+D+E+F+G)	All the companies in the Company's financial report (1)
Lower than NT\$1,000,000	0	0	0
NT\$1,000,000 (inclusive) – NT\$2,000,000 (exclusive)	Ho, Ying-Jin; Chien, Chung-Jung; Hung, Keng-Shu Lien, Chin-Chih Lin, Hsiu-Hung; Wu, Bo-Hsiao; Lin, Jy-Shemp; Tung, Young-Cheng; Li, Ye-Chung; Chiang, Kuo-Cheng	Ho, Ying-Jin; Chien, Chung-Jung; Hung, Keng-Shu; Lien, Chin-Chih Lin, Hsiu-Hung; Wu, Bo-Hsiao; Lin, Jy-Shemp; Tung, Young-Cheng; Li, Ye-Chung; Chiang, Kuo-Cheng	Chien, Chung-Jung; Hung, Keng-Shu; Lin, Hsiu-Hung; Wu, Bo-Hsiao; Lin, Jy-Shemp; Tung, Young-Cheng; Li, Ye-Chung; Chiang, Kuo-Cheng
NT\$2,000,000 (inclusive) – NT\$3,500,000 (exclusive)	0	0	Lien, Chin-Chih
NT\$3,500,000 (inclusive) – NT\$5,000,000 (exclusive)	0	0	Hung, Keng-Shu
NT\$5,000,000 (inclusive) – NT\$10,000,000 (exclusive)	0	0	Ho, Ying-Jin
NT\$10,000,000 (inclusive) – NT\$15,000,000 (exclusive)	0	0	Ho, Ying-Jin
NT\$15,000,000 (inclusive) – NT\$30,000,000 (exclusive)	0	0	0
NT\$30,000,000 (inclusive) – NT\$50,000,000 (exclusive)	0	0	0
NT\$50,000,000 (inclusive) – NT\$100,000,000 (exclusive)	0	0	0
Above NT\$100,000,000	0	0	0
<b>Total</b>	<b>12,761</b>	<b>12,901</b>	<b>21,486</b>
			<b>24,376</b>

(II) Remuneration to Supervisors: The Company has established an audit committee since 111.06.27, therefore, it is not applicable.

(III) Remuneration of the President and Vice Presidents

Title	Name	Salary (A)		Retirement pension (B)		Salary, bonus and special expenses (C)		Employees' remuneration (D)		Total amount of items A, B, C and D as a proportion of the net profit after tax (%)	Remuneration from reinvestment enterprises other than subsidiaries or parent company
		All the companies in the Company's financial report	The company	All the companies in the Company's financial report	The company	All the companies in the Company's financial report	The company	All the companies in the Company's financial report	The company		
President	Ho, Ying-Jin	3,137	3,137	0	0	2,515	2,515	585	0	3.07%	0

Remuneration Tier Table

Remuneration level of the President and each Vice President of the Company	Names of the President and Vice Presidents	
	All the companies	in the Company's financial report (E)
Lower than NT\$1,000,000	0	0
NT\$1,000,000 (inclusive) – NT\$2,000,000 (exclusive)	0	0
NT\$2,000,000 (inclusive) – NT\$3,500,000 (exclusive)	0	0
NT\$3,500,000 (inclusive) – NT\$5,000,000 (exclusive)	0	0
NT\$5,000,000 (inclusive) – NT\$10,000,000 (exclusive)	Ho, Ying-Jin	Ho, Ying-Jin
NT\$10,000,000 (inclusive) – NT\$15,000,000 (exclusive)	0	0
NT\$15,000,000 (inclusive) – NT\$30,000,000 (exclusive)	0	0
NT\$30,000,000 (inclusive) – NT\$50,000,000 (exclusive)	0	0
NT\$50,000,000 (inclusive) – NT\$100,000,000 (exclusive)	0	0
Above NT\$100,000,000	0	0
Total	6,237	6,237

(IV) Remuneration of the top five top executives of the Company (disclose name and remuneration method respectively)

Title	Name	Salary (A)		Retirement pension (B)		Salary, bonus and special expenses (C)		Employees' remuneration (D)		Total amount of items A, B, C and D as a proportion of the net profit after tax (%)	Remuneration from reinvestment enterprises other than subsidiaries or parent company
		All the companies in the company	The Company's financial report	All the companies in the Company's financial report	The Company's financial report	All the companies in the Company's financial report	The Company's financial report	Cash amount	Stock amount		
Chairman	Ho, Ying-Jin	3,137	3,137	0	0	2,515	2,515	585	0	3.07%	0
Special Assistant Lien, Chin-Chih	Lien, Chin-Chih	1,142	1,142	0	0	671	671	142	0	0.96%	0.96%
Assistant Vice Tsai, Yi-Hsien	Tsai, Yi-Hsien	1,058	1,058	0	0	517	517	101	0	0.83%	0.83%
Assistant Vice President Huang, Liang-Ping	Huang, Liang-Ping	1,040	1,040	0	0	465	465	137	0	0.81%	0.81%
Manager	Vincent, Weng	929	929	0	0	362	362	106	0	0.69%	0.69%

(V) Names and distribution status of manager who received the distribution of employees' remuneration

Title	Name	Stock amount	Cash amount	Total	Proportion of total amount to net profit after tax (%)	
					Managers	Proportion of total amount to net profit after tax (%)
President	Ho, Ying-Jin	0	585	585	0.29%	
AVP of Central District Sales Department	Huang, Liang-Ping	0	137	137	0.07%	
AVP, Heavy Machinery Division	Tsai, Yi-Hsien	0	101	101	0.05%	
Finance Department Manager	Hu, Yu-Hui	0	120	120	0.06%	
Accounting Department Manager	Li, Yin-Hsueh	0	111	111	0.05%	
Accounting Department Manager	Hu, Li-Hua	0	106	106	0.05%	

(VI) Compare and explain the proportion of the total remuneration paid by the Company to its directors, supervisors, president, and vice presidents in the last two years to the after tax net income of the individual financial report, and explain the policies, standards, and procedures for remuneration payment, as well as the relevance to business performance and future risks, by comparing and explaining, respectively, the total remuneration paid by the Company and all companies in the consolidated statements:

1. The total remuneration paid by the Company to its Directors, Supervisors, the President and Vice Presidents in 2023 and 2022 and as a proportion of net profit after tax are shown in the following table:

	Title	Name	Proportion of remuneration to net profit after tax%				Description	
			2023		2022			
			The company	All the companies in the consolidated statements of the Company	The company	All the companies in the consolidated statements of the Company		
Director	Chairman	Ho, Ying-Jin	10.59%	12.01%	10.96%	12.56%	(note1) (note2)	
	Director	Hung, Keng-Shu						
	Director	Chien, Chung-Jung						
	Director	Lien, Chin-Chih						
	Director	Lin, Hsiu-Hung						
	Director	Ever Glory Transportation Representative – Wu, Bo-Hsiao						
	Independent Director	Lin, Jy-Shenp						
	Independent Director	Tung, Young-Cheng						
	Independent Director	Lee, Yeh-Chung						
	Independent Director	Chiang, Kuo-Cheng						
Supervisor	Supervisor	Ever Glory Transportation Representative: Wu, Bo-Hsiao	N/A	N/A	0.02%	0.02%		
	Supervisor	Lin, Hsiu-Hung						
Managers	President	Ho, Ying-Jin	3.07%	3.07%	3.01%	3.01%		

Note 1:

1. Remuneration policy:

a. Remuneration of directors and supervisors: According to Article 28 of the Articles of Association of the Company, the board meeting is authorized to determine the remuneration of directors and supervisors based on the peer level. The directors may also be paid monthly travel expenses, and the amount shall be determined by the board meeting.

- b. Remuneration of directors and supervisors: In accordance with Article 31 of the Articles of Association, the maximum remuneration for directors and supervisors is 5% of the current year's pre-tax profit.
  - c. The remuneration of the CEO, the President and Vice Presidents: It shall be adjusted by the CEO or President based on the actual contribution level, with reference to the peer level and the actual company profit of the current year.
2. The correlation between remuneration and future risks: The payment of remuneration to directors, supervisors, the President and Vice Presidents is calculated based on the contribution to the Company's operations and is adjusted considering the future operational risks of the Company.

Note 2:

- 1. 2022 Supervisors' remuneration: Disclosure period 111/1~June.
- 2. 2023 Supervisors' remuneration: Not applicable.
- 3. Incorporated Director - Ever Glory Transportation Limited Resignation on 15 January 2024.

## IV. Corporate Governance Operation

### (I) Operation of the Board of Directors

The Board of Directors held 5 meetings in the most recent year (2023), and the attendance of the Directors and Supervisors is as follows:

(the attendance rate of incoming and outgoing directors is calculated based on the actual tenure)

Title	Name	Actual number of voting or non-voting attendance	Number of entrusted attendance	Actual number of voting or non-voting attendance rate (%)	Remark
Chairman	Ho, Ying-Jin	5	0	100	
Director	Chien, Chung-Jung	5	0	100	
Director	Hung, Keng-Shu	4	0	80	
Director	Lien, Chin-Chih	5	0	100	
Director	Lin, Hsiu-Hung	5	0	100	
Director	Ever Glory Transportation Inc. – Wu, Bo-Hsiao	4	0	80	Resignation on 15 January 2024
Independent Director	Lin, Jy-Shenp	5	0	100	
Independent Director	Tung, Young-Cheng	5	0	100	
Independent Director	Lee, Yeh-Chung	5	0	100	
Independent Director	Chiang, Kuo-Cheng	2	1	67	Newly elected on June 09, 2023

Other matters to be recorded:

- I. In case of any of the following circumstances in the operation of the board meeting, state the date, session, content of the proposal, opinions of all independent directors, and the Company's handling of the opinions of independent directors:
  - (I) Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to page 55.
  - (II) Except for the matters referred to in the preceding paragraph, other matters decided at the board meeting that have been objected to or reserved by Independent Directors and have been recorded or stated in writing: None.
- II. For the implementation of the directors' avoidance of the proposals involving personal interests, state the name of the director, the content of the proposal, the reason for the avoidance, and the status of their participation in voting: None.
- III. Assessment of the objectives of strengthening the functions of the board of directors in the current year and the most recent year (such as establishing an audit committee, improving information transparency) and the implementation: The Company has established an audit committee according to law after the shareholders' meeting on June 27, 2022.

\* Implementation of evaluation of the Board of Directors

In order to strengthen corporate governance and enhance the functions of the Company's board of directors and establish performance objectives to enhance the operational efficiency of the board of directors, in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, the Company adopted the "Performance Evaluation Measures for the Board of Directors" to standardize the performance evaluation that the Company's Board of Directors should perform every year.

## **I. Evaluation Cycle and Period**

The Board of Directors of the Company shall annually conduct performance evaluations of the Board in accordance with the evaluation procedures and evaluation indicators of the Measures. The performance evaluation results of the Board of Directors shall be completed before the end of the first quarter of the next year.

## **II. Evaluation Scope and Method**

Scope of evaluation: Performance evaluation of the overall Board of Directors, individual board members, and functional committees under the Board of Directors.

Evaluation methods: internal self-evaluation by the Board of Directors, self-evaluation by members of the Board of Directors, and self-evaluation by functional committees.

## **III. Evaluation Procedure**

The self-evaluation is conducted by the Directors and relevant members of the functional committee under the Board of Directors using the "Board Performance Evaluation Self-Assessment Questionnaire," "Board Member Performance Evaluation Self-Assessment Questionnaire," and "Functional Committee Performance Evaluation Self-Assessment Questionnaire."

## **IV. Annual Evaluation Indicators and Options**

<b>Performance evaluation of the Board of Directors</b>	<b>Performance Self-evaluation of Board Members</b>	<b>Performance Evaluation of Functional Committees</b>
<ul style="list-style-type: none"><li>• Participation in company operations.</li><li>• Improvement in the quality of board decisions</li><li>• Board composition and structure.</li><li>• Election and continuing study of directors.</li><li>• Internal control.</li></ul>	<ul style="list-style-type: none"><li>• Mastery of company goals and tasks.</li><li>• Cognition of directors' responsibilities.</li><li>• Participation in company operations.</li><li>• Internal relationship management and communication.</li><li>• Election and continuing study of directors</li><li>• Internal control.</li></ul>	<ul style="list-style-type: none"><li>• Participation in company operations.</li><li>• Cognition of the functional committee's responsibilities.</li><li>• Improvement of the decision-making quality of the functional committee's meeting.</li><li>• Composition and member selection of the functional committee.</li><li>• Internal control.</li></ul>
<b>38 evaluation indicators</b>	<b>23 evaluation indicators</b>	<b>14 evaluation indicators</b>

Evaluation options: very agree – 5 points; agree – 4 points; neutral – 3 points; disagree – 2 points; very disagree – 1 point

## V. Annual Evaluation Results

<b>Performance evaluation of the Board of Directors</b>	<b>Performance Self-evaluation of Board Members</b>	<b>Performance Evaluation of Functional Committees</b>
Evaluation result: 4.84 points	Evaluation result: 4.85 points	Remuneration Committee Evaluation result: 4.86 points

The performance evaluation results of the Company's Board of Directors in 2023 were between 5 points of "very agree" and 4 points of "agree." The Directors were mostly very positive about the operation of various evaluation indicators, and the overall operation of the evaluation board and functional committees was good, meeting the Company's governance requirements, and effectively strengthening the functions of the Board of Directors and safeguarding shareholder rights and interests.

The performance evaluation results of the Board of Directors for 2023 have been submitted to the board meeting of the Company on March 12, 2024.

(II) Operation of the Audit Committee or participation of supervisors in the operation of the Board of Directors:

1. Operation of the Audit Committee:

The 1st-term Audit Committee was established by the Company in accordance with the law on June 27, 2022; 4 meetings were held in 2023, with audit members' attendance status as follows:

Title	Name	Actual number of non-voting attendance	Number of entrusted attendance	Actual non-voting attendance rate	Remark
Independent Director	Tung, Young-Cheng	4	0	100	
Independent Director	Lin, Jy-Shenp	4	0	100	
Independent Director	Lee, Yeh-Chung	4	0	100	
Independent Director	Chiang, Kuo-Cheng	1	1	50	Newly elected on June 09, 2023
	Other matters to be recorded:				
	I.	In case of any of the following circumstances in the operation of the Audit Committee meeting, state the date, session, content of the proposal, Independent Directors' objections, reservations or significant proposed project content, resolution of the Audit Committee, and the Company's handling of the opinions of the Audit Committee:			
	(I)	Matters listed in Article 14-5 of the Securities and Exchange Act: Please refer to page 55.			
	(II)	Other than the matters above, the resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None.			
	II.	For the implementation of the directors' avoidance of the proposals involving personal interests, state the name of the director, the content of the proposal, the reason for the avoidance, and the status of their participation in voting: None.			
	III.	The communication between the independent directors and the internal audit director and the certified public accountant (which shall include the major matters, methods and results of communication regarding the company's financial and business conditions). Summary of communication on December 8, 2023: (2024) Information on audit quality metrics for accounting firms is shared with the governance group's communication report discussions and decrees.			

(III) The Company's corporate governance operation and its differences from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons:

Evaluation Item	Operation status		Differences from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
I. Has the Company formulated and disclosed its corporate governance best-practice principles in accordance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	Yes		The Company has formulated its corporate governance best-practice principles, and the actual operation is carried out in accordance with the relevant internal control system and approval authority.
II. Company's Equity Structure and Shareholders' Equity			
(I) Has the Company established internal operating procedures to handle shareholder suggestions, doubts, disputes and litigation, and implement them in accordance with the procedures?	No	(I)	Shareholder related matters are handled by the internal stock affairs unit, spokesman and external stock affairs agent, but no operating procedures have been established.
(II) Does the Company have a list of the major shareholders who actually control the Company and the final controllers of the major shareholders?	Yes	(II)	The Company monitors the shareholding status of its major shareholders on a monthly basis through the prior and subsequent reporting system for insider equity.
(III) Has the Company established and implemented risk control and firewall mechanisms with affiliated enterprises?	Yes	(III)	In the Company's internal control system, there are the “Procedures for Supervision of Subsidiaries,” “Procedures for Investment,” and “Procedures for Transactions with Related Parties, Specific Companies, and Group Enterprises” which have been implemented.

Evaluation Item	Operation status		Differences from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
(IV) Has the Company formulated internal regulations to prohibit insiders from trading securities using information not yet published on the market?	Yes	(IV) From time to time, the stock affairs unit actively advocates relevant laws and regulations on insiders, and reminds the Directors and Supervisors to take further training, so as to improve insiders' awareness; the Company also formulated the "Operating Procedures for Handling Material Internal Information and Preventing Insider Trading Management."	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
III. Composition and Responsibilities of the Board of Directors			Improvement will be studied.
(I) Has the Board of Directors formulated a diversification policy and specific management objectives and implemented them accordingly?	No	(I) The Board of Directors substantively authorized the President to formulate multiple policies and implement them.	To be further studied based on future needs.
(II) In addition to setting up the Remuneration Committee and the Audit Committee according to law, has the Company voluntarily set up other functional committees?	No	(II) The Company has established the Remuneration Committee and Audit Committee according to law.	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
(III) Has the Company formulated the performance evaluation measures and the evaluation method for the Board of Directors, conducted the performance evaluation annually and regularly, and submitted the results of the performance evaluation to the board meeting and used them for the reference of individual directors' remuneration and nomination for renewal?	Yes	(III) The Company has formulated the Board of Directors' Performance Appraisal Measures and its appraisal method in accordance with the law, and conducts performance appraisal for the previous year in the first quarter of each year and submits the results of the performance appraisal to the Board of Directors for consideration at the Board of Directors' meeting.	Compliant with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."

Evaluation Item	Operation status		Differences from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	
(IV) Does the Company regularly evaluate the independence of its certifying CPAs?	Yes	(IV) An assessment of the independence of the certified public accountants is conducted in the first quarter of each year and reported to the Board of Directors. An assessment of the independence of the certified public accountants is conducted in the first quarter of each year and reported to the Board of Directors.	Compliant with the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.”
IV. For a TWSE/TPEx listed company, has it allocated competent and an appropriate number of corporate governance personnel, and designated a director of corporate governance to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform business, assisting directors and supervisors in complying with laws and regulations, handling matters related to the board meeting and shareholders' meeting according to law, and preparing minutes of the board meeting and shareholders' meeting)?	Yes	The Company has appointed a corporate governance director responsible for corporate governance related matters. The responsibilities of the Corporate Governance Director include but are not limited to the following: <ul style="list-style-type: none"> <li>I. Handle matters related to board meetings and shareholders' meetings in accordance with the law.</li> <li>II. Prepare minutes of board meetings and shareholders' meetings.</li> <li>III. Assist directors in taking office and continuing their study.</li> <li>IV. Provide the necessary information for directors to carry out their businesses.</li> <li>V. Assist directors in legal compliance.</li> <li>VI. Other matters stipulated in the Company's Articles of Association or contracts.</li> </ul> Further study of Corporate Governance Director: (see note 1 for details).	Compliant with the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.”

Evaluation Item	Operation status		Differences from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up stakeholder zones on the company's website, and properly responded to important corporate social responsibility issues of concern to stakeholders?	Yes		<p>The Company has assigned corresponding communication channels based on the types of stakeholders, including “mailbox for investor relations and media contacts, customer and partner services, supplier services, labor and capital harmony services, environmental protection, and social participation,” to appropriately respond to important social responsibility issues that are of concern to stakeholders.</p> <p>The above has been disclosed in the “Stakeholder Zone” on our website.</p>
VI. Has the Company appointed a professional stock affairs agency to handle the affairs of the shareholders' meeting?	Yes		<p>The Company has appointed the Stock Agency Department of Oriental Securities Corporation to handle the affairs of the shareholders' meeting.</p>
VII. Information Disclosure (I) Has the Company set up a website to disclose financial business and corporate governance information?	Yes		<p>(I) The Company has set up a website to disclose its finance, business and corporate governance information.</p>
(II) Has the Company adopted other methods of information disclosure (such as setting up an English website, appointing a special person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, placing on the company website the corporate investor briefing process)?	Yes		<p>(II) The Company has a spokesman and an acting spokesman to speak on behalf of the Company. The Company's collection and disclosure of information is handled by the Finance Department in collaboration with the IT Room personnel. Investors may also access relevant information about the Company through the MOPS</p>

Evaluation Item	Operation status		Differences from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
(III) Has the Company announced and filed its annual financial report within two months after the end of the fiscal year, and announced and filed its first, second, and third quarter financial reports and monthly operating conditions before the prescribed time limit?	No	(III) Not yet compliant, but will work on the improvement.	Improvement will be studied.
VIII. Does the Company have other important information that can help to understand the operation of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, directors and supervisors' further study, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors)?	Yes	<p>(I) Implementation of employee rights and employee care: Please refer to the "Labor Relations" on page 88 of this annual report.</p> <p>(II) The implementation of investor relations, supplier relations, and the rights of interested parties can be found in the "Stakeholder Zone" on the Company's website.</p> <p>(III) Continuing study by Directors and Supervisors: (see note 2 for details)</p> <p>(IV) Implementation of risk management policies and risk measurement standards: (note 3)</p> <p>(V) Implementation of customer policies: The Company adheres to the business philosophy of "customer first, safety first and service oriented," and adheres to good service quality.</p> <p>(VI) Director and supervisor liability insurance has been purchased.</p>	No material difference.
IX. Please explain the situation that has been improved according to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose priority strengthening items and measures for those that have not been improved.			The Company has tried its best to improve the information disclosure part of the its website which was pointed out in the recent annual governance evaluation.

Note 1: Further study of Corporate Governance Director in 2023.

Title	Name	Date	Organizer	Course name	Number of hours
Corporate Governance Director	Hu, Yu-Hui	September 04, 2023	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	3
		November 15, 2023	Securities and Futures Institute	2030/2050 Green Industrial Revolution	3
		November 24, 2023	Taiwan Investor Relations Association	How to use Excel for business valuation and IR work management	3
		December 12, 2023	Securities and Futures Institute	Group tax governance concepts, practices and tools	3

Note 2: Directors' and Supervisors' further study in 2023

Title	Name	Date	Organizer	Course name	Number of hours
Director	Ho, Ying-Jin	March 21, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3
		October 19, 2023	Securities and Futures Institute	Legal risks of joint monopoly under antitrust law	3
Director	Chien, Chung-Jung	August 07, 2023	Taipei Exchange	Publicity and briefing session on insider equity of OTC Companies and Emerging Stockand Companies	3
		September 04, 2023	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	3
Director	Hung, Keng-Shu	June 07, 2023	Securities and Futures Institute	Technology development and business opportunities of electric vehicles and smart vehicles	3
		July 06, 2023	Securities and Futures Institute	Technical development and application opportunities of chatbot ChatGPT	3
Director	Lien, Chin-Chih	June 05, 2023	Chinese National Association of Industry and Commerce	Corporate information security governance issues in board of directors—the performance and risk agenda	3
		September 04, 2023	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	3
Director	Ever Glory Transportation Inc. – Wu, Bo-Hsiao	April 27, 2023	Taipei Exchange	Publicity meeting on sustainable development action plans for Listed and OTC Companies	3
		November 08, 2023	Securities and Futures Institute	Introduction to the Dispute over Corporate Management Rights and the Commercial Event Trial Act	3

Title	Name	Date	Organizer	Course name	Number of hours
Director	Lin, Hsiu-Hung	November 02, 2023	Securities and Futures Institute	Technical development and application opportunities of chatbot ChatGPT	3
		November 08, 2023	Securities and Futures Institute	Introduction to the Dispute over Corporate Management Rights and the Commercial Event Trial Act	3
Independent Director	Tung, Young-Cheng	April 27, 2023	Taipei Exchange	Publicity meeting on sustainable development action plans for Listed and OTC Companies	3
		August 07, 2023	Taipei Exchange	Insider Equity Advocacy Lecture for TPEx Emerging Market Companies	3
Independent Director	Lin, Jy-Shenp	October 17, 2023	Securities and Futures Institute	Sharing of Corporate M&A Practices - Focusing on Hostile M&A	3
		October 17, 2023	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies on business operations	3
Independent Director	Lee, Yeh-Chung	May 31, 2023	Chinese National Association of Industry and Commerce	Global circular economy trends and their challenges and opportunities	3
		June 06, 2023	Chinese National Association of Industry and Commerce	Compliance with corporate laws and directors' obligations	3
Independent Director	Chiang, Kuo-Cheng	October 24, 2023 – October 25, 2023	Securities and Futures Institute	Practical Seminar for Directors and Supervisors and Corporate Governance Executives	12

Note 3:

1. In accordance with the latest development of internal audit and the requirements of standards, the Company has strengthened the management of enterprise risks in recent years, including risk detection, evaluation, reporting and handling, all in a very cautious and strict manner. The Company's risk control is divided into three levels (mechanisms): The direct supervisor or department head is the "first mechanism" and must be responsible for the design and prevention of the initial risk detection, evaluation, and control of operations. The second mechanism is the division heads and the Administration Department, which are responsible for not only the feasibility evaluation, but also the evaluation of various risks. The third mechanism is the review by the Audit Office and by the board meeting. The risk management organization chart is shown as follows.

Important risk assessment items	Direct unit of risk control (business sponsor) (first mechanism)	Risk review and control (second mechanism)	Board meeting and Audit Office (third mechanism)
I. Interest rate, exchange rate and financial risks	Finance Department	Finance Department	Board meeting: (decision making and final control over risk assessment and control) Audit Office: (inspection, evaluation, supervision, improvement tracking, and reporting of risks)
II. High risk and high leverage investment, capital lending to others, derivative trading and financial investment	Finance Department	Finance Department	
III. Changes in Policies and Laws	Administration Department	Management Division	
IV. Investment, Reinvestment, and Merger and Acquisition Benefits	Finance Department and President's Office	Finance Division	
V. Changes in Shareholders of Directors, Supervisors and Major Shareholders	Finance Department and President's Office	Finance Division	
VI. Change in Management Rights	Finance Department and President's Office	Finance Division	
VII. Litigation and Non-litigation Matters	Administration Department	Management Division	
VIII. Other Operation Matters	President's Office	Management Division	
IX. Personnel Conduct, Ethics and Integrity	Unit supervisors	Management Division, Quality Assurance Committee, and Safety and Health Office	
X. Compliance with SOP and Regulations	Unit supervisors	Quality Assurance Committee, Safety and Health Office, and Administration Department	
XI. Management of Board Meeting Affairs	Finance Department	Finance Division	

- If any business sponsor discovers any immediate potential risks, it must immediately report to the superior for prevention. If necessary, it shall submit each case to the board meeting for review, and the Audit Office shall conduct regular audits.
- At the beginning of each year when the Audit Office conducts self-evaluation of the internal control system, it shall submit a company-wide risk assessment report to the board meeting as a reference for decision-making, work, and planning in the new year.

(IV) Composition, Responsibilities and Operation of the Remuneration Committee:

Composition: On July 5, 2022, the board meeting of the Company held a re-election of the 5th-term Remuneration Committee, and appointed three members Lin, Jy-Shenp, Hsieh, Mei-Ts, and Tong Yung-Chang. The term of office is from July 5, 2022 to June 26, 2025. The members of the committee mutually elect Lin, Jy-Shenp as the convener and chairman of the meeting.

Responsibilities: The function of this committee is to evaluate the compensation policies and systems of directors, supervisors and managers of the Company from a professional and objective perspective, and to make recommendations to the board meeting for reference in their decision-making.

1. Members of Remuneration Committee

December 31, 2023

Identity	Name	Requirements	Professional qualification and experience	Independence status	Number of remuneration committee membership of other public companies concurrently held
Independent Director	Lin, Jy-Shenp	Possessing the necessary work experience in legal affairs.	Compliant with independence requirements.		0
Independent Director	Tung, Young-Cheng	Possessing the necessary work experience in commerce.	Compliant with independence requirements.		0
Others	Hsieh, Mei-Tzu	Possessing the CPA license and necessary work experience in accounting.	Compliant with independence requirements.		0

2. Operation of Remuneration Committee:

I. The Remuneration Committee of the Company has three members.

II. The term of office of the current member is from July 5, 2022 to June 26, 2025. The Remuneration Committee has met twice (A) in the most recent year, and the qualifications and attendance of the members are as follows:

Title	Name	Actual number of non-voting attendance (B)	Number of entrusted attendance	Actual attendance rate (%) (B/A)	Remark
Convener	Lin, Jy-Shenp	2	0	100	
Member	Tung, Young-Cheng	2	0	100	
Member	Hsieh, Mei-Tzu	2	0	100	

Other matters to be recorded:

I. If the board meeting does not adopt or amend the suggestions of the Remuneration Committee, state the date of the board meeting, the session, the content of the proposal, the resolution of the board meeting, and the Company's handling of the opinions of the Remuneration Committee (if the remuneration adopted by the board meeting is superior to the suggestions of the Remuneration Committee, state the circumstances and reasons for the differences): No such situation.

II. If the members of the Remuneration Committee disagree or reserve their opinions on the resolutions, and there are records or written statements in place, state the date, session, content of the proposal, opinions of all members, and the handling of the opinions of the members: No such situation.

(V) The implementation of the Company's promotion of sustainable development and the differences between the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Evaluation Item	Operation status			Differences from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is authorized by the board meeting to be handled by senior management and supervised by the board of directors?			The Company has not yet established a sustainable development governance framework. In the future, in accordance with relevant regulations, a “Sustainable Development Committee” will be established as the highest level sustainable development decision-making center within the Company, chaired by the Chairman of the Board, to jointly review the Company’s operational capacity with the top executives of various business units and formulate sustainable development plans.	Projected improvement in 2024.
II. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and has it formulated relevant risk management policies or strategies?	Yes		<ol style="list-style-type: none"> <li>1. The Company’s disclosed data for 2023 cover the sustainable development performance of key business units. The risk assessment scope is the Company’s business, including the north, middle, and south business offices.</li> <li>2. The internal “Risk Management Policy” established by the Company adopts preventive measures to reduce the losses caused by risks for the Company to identify, evaluate, process and monitor potential risks that may affect the Company’s achievement of objectives; the Company also regularly tracks and incorporates them into the daily operations of each unit. The Company conducts risk assessments on major issues based on the materiality principle of sustainable development, and formulates relevant risk management policies or strategies based on the assessed risks as follows:</li> </ol>	No material difference.

Major issues	Risk evaluation item	Management policy
Environment	Energy saving and carbon reduction	Our main business is container transport, and we have purchased new tractor trucks for container transport that meet the latest environmental standards.
Society	Occupational safety	<p>In order to promote driving safety, transportation vehicles for business use are equipped with traffic recorders and blind-spot detection systems. Drivers who have not caused accidents or violated regulations are given appropriate rewards in accordance with the “Driving Safety Rewards and Punishments Measures.” For those who maintain a safe driving record, a safety bonus is issued every six months as a reward.</p> <p>For special transportation business items, relevant external training courses will be arranged irregularly to provide continuous professional training on driving.</p>
		An employee health check is held every
		Employee health



				Appoint a spokesperson to handle and respond to issues.
III. Environmental Issues (I) Has the Company established an appropriate environmental management system according to its industrial characteristics?	No	(I)	Although the Company has not established an environmental management system, the Transportation Department selects and only purchases transportation equipment that meets the latest environmental laws and regulations; The Gas Station Business Department operates in accordance with environmental laws and regulations.	Improvement will be studied.

Evaluation Item	Operation status		Differences from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
(II) Does the company endeavour to improve the efficiency of energy use and use recycled materials that have a low impact on the environment?	Yes	(II) The Company is committed to reducing the impact on the environment by taking the following measures: electronic signature approval system, electronic payroll, reducing the use of paper cups, and maximizing the recycling and reuse of paper/envelopes/kraft paper bags. The toner cartridges used by copiers or printers are returned to the original manufacturers for recycling.	No material difference.
(III) Has the company assessed the potential risks and opportunities of climate change for the business now and in the future, and taken relevant countermeasures?	Yes	(III) The Company's main operating items are container transport and heavy machinery lifting. Although climate change has not had a significant impact on its main operating items, the Company has voluntarily initiated a carbon inventory in 2023, carried out verification and certification in 2024, and developed a carbon reduction plan	No material difference.
(IV) Has the company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste over the past two years, and formulated policies on greenhouse gas reduction, water consumption reduction or other waste management?	No	(IV) Please refer to page 48 for details.	Improvement will be studied.

Evaluation Item	Operation status			Differences from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
IV. Social Issues				
(I) Has the Company formulated relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?				
(II) Has the Company formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits), and appropriately reflected the business performance or results in employee compensation?	Yes			
(III) Does the Company provide a safe and healthy working environment for employees, and conduct regular safety and health education for employees?	Yes			
				(I) The Company has formulated the "Internal Control System" and "Work Rules" in accordance with relevant laws and regulations to clearly define management policies and procedures.
				(II) The Company has formulated a "Salary Assessment Method" and provides appropriate rewards and punishments based on actual situations, and has clear system regulations for employee promotion, assessment, training, rewards and punishments.
				(III) 1. The Company places the highest priority on safety in the transport industry and conducts regular fire safety inspections in each of its business premise every year, equipping them with fire-fighting equipment and replacing them in accordance with their safe use periods. 2. Once a year, we arrange a comprehensive health check for our employees and provide them with individual hygiene education through doctor's consultation. 3. Provide professional training in accordance with the "Occupational Safety and Health Education and Training Regulations" every year, with a total of 145 employees and 1,736 hours of training in 2023. 4.2023 There were no occupational accidents among employees.

Evaluation Item	Operation status			Differences from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(IV) Has the Company established an effective career competence development and training program for employees?	No	(IV) The Company has not yet established an effective career competence development and training program for employees.	Improvement will be studied.	
(V) Does the company comply with relevant regulations and international standards on issues such as customer health and safety, customer privacy, marketing and labelling of products and services, and has it formulated relevant policies and grievance procedures to protect the rights and interests of consumers or customers?	No	(V) The Company's transportation services are labeled in compliance with transportation regulations, and the labeling of oil and gas products is in line with China Petroleum's regulations. The contact method for each service is specified in the Company's website, and consumers can file complaints in accordance with this method. The consumer protection policy and complaint procedures are not yet in place.	Improvement will be studied.	
(VI) Has the Company formulated a supplier management policy that requires suppliers to comply with relevant specifications on issues, such as environmental protection, occupational safety and health or labor human rights, and the implementation status?	Yes	(VI) According to ISO management practices, the Company conducts regular evaluation on third-party manufacturers. The Company will immediately terminate the contract and the cooperative relationship if a third-party manufacturer makes significant harm to the society and the environment (such as an accident from drunk driving of contract car driver).	No material difference.	
V. Has the Company prepared the sustainability report or guidelines that disclose non-financial information of the company by reference to internationally accepted reporting standards or guidelines? Has the aforementioned report obtained	No	Not yet available.	Improvement will be studied.	

Evaluation Item	Operation status			Differences from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
the assurance or guarantee opinion of a third-party certification organization?				
VI. If the Company has its own Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, please describe the differences between their operations: Not yet available.				
VII Other important information to facilitate better understanding of the company's promotion of sustainable development: None.				

(VI) Implementation of Climate-Related Information

Item	Implementation status
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p> <p>3. Describe the financial impact of extreme weather events and transformative actions.</p> <p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> <p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> <p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p>	<p>1. In accordance with the "Roadmap for Sustainable Development of Listed Companies" issued by the FSC in 2022 March, the Board of Directors of the Company has completed the planning of the greenhouse gas inventory and verification schedule of the Parent Company in 2023, and will report the implementation progress to the Board of Directors for control on a quarterly basis.</p> <p>2. The Company has not identified the impacts of climate risks and opportunities on its business, etc., and has planned for improvements in 2024.</p> <p>3. There have been no extreme weather events that have impacted the Company in the most recent year, and the financial impact of the Transformation Initiative has not yet been planned for, and 2024 has been investigated for improvement.</p> <p>4. 2023 Climate risk has not been identified and assessment and management processes 2024 have been planned for improvement.</p> <p>5. Scenario analyses have not been used to assess resilience to climate change risks, 2024 improvements have been planned.</p> <p>6. There is no transformation plan to manage climate-related risks. 2024 has been planned for improvement.</p> <p>7. Internal carbon pricing is not used as a planning tool.</p> <p>8. No climate-related targets set, 2024 planning has taken place.</p> <p>9. Please refer to the following pages 1-1 and 1-2.</p>

## 1-1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

### 1-1-1 Greenhouse Gas Inventory and Assurance Status

scope 1		Total emissions (tonnes CO2 equivalent)		Density (tonnes CO2/million)		Assurance institutions		Assurance opinion	
		2023		2022		2023		2022	
Parent Company	15,214.9002	15,330.1829	9.3464	8.8840	Chris Lin Annie & Lin CPAs Company	None	None	None	2022
Subsidiaries	-	-	-	-					
<b>TOTAL</b>	<b>15,214.9002</b>	<b>15,330.1829</b>	<b>9.3464</b>	<b>8.8840</b>					
scope 2		Total emissions (tonnes CO2 equivalent)		Density (tonnes CO2/million)		Assurance institutions		Assurance opinion	
		2023		2022		2023		2022	
Parent Company	180.6988	201.3962	0.1110	0.1167	Chris Lin Annie & Lin CPAs Company	None	None	None	2022
Subsidiaries	-	-	-	-					
<b>TOTAL</b>	<b>180.6988</b>	<b>201.3962</b>	<b>0.1110</b>	<b>0.1167</b>					

Note 1: According to the "Sustainable Development Roadmap for Listed Companies" issued by the FSC, the Company's paid-in capital will be NT\$1,048,766,070 by 2023 December 31, and the Parent Company should complete the inventory by 2026 and the confirmation by 2028. In view of the concept of sustainable management, the Parent Company's Greenhouse Gas (GHG) Inventory and Output Report for the fiscal years of 2022 and 2023 have already been carried out and completed ahead of schedule and the Parent Company's GHG Inventory, Confirmation, and Verification are scheduled to be completed by 2024, and the consolidation of its subsidiaries is also in the process of being planned and implemented.

Note 2: Our 2022 greenhouse gas inventory calculation standard is: Greenhouse Gas Protocol (GHG Protocol). 2023 to meet the needs of important customers to change to: ISO 14064-1 issued by the International Organization for Standardisation (ISO).

Note 3: The intensity of our greenhouse gas emissions is calculated based on turnover (NT\$ million).

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
The Company has not yet prepared a Sustainability Report and full confirmation information will be disclosed on the Market Observation Post System (MOP) and full confirmation information will be disclosed in the next Annual Report.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
In 2023, the Company completed the Scope 1 and Scope 2 carbon inventories of the parent company and compiled the inventory report. 2024, the Company expanded the Scope 3 carbon inventory, and expects to complete the confirmation and certification of the report in the first half of the year, and put forward a specific carbon reduction plan in the second half of the year.

(VII) Performance of ethical corporate management, and differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Evaluation Item			Operation status Summary	Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No		
I. Establishment of ethical corporate management policy and plan				
(I) Has the Company formulated an ethical corporate management policy approved by the board meeting, and clearly stated the policies and practices of ethical corporate management in rules and external documents, as well as the commitment of the board of directors and senior management to actively implement the operation policy?	Yes		<p>(I) The Company has formulated its “Ethical Corporate Management Best-Practice Principles” which was approved by the board meeting; it has also been disclosed on the company websites and MOPS to indicate that the ethical corporate management policy has been actively implemented by the board of directors and other management levels.</p> <p>(II) The Company has explicitly stipulated punishment provisions for dishonest acts in its “Work Rules” and “Ethical Corporate Management Best-Practice Principles,” covering preventive measures for acts under paragraph 2, Article 7 of the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.”</p>	<p>In compliance with the Company’s Ethical Corporate Management Best-Practice Principles.</p> <p>In compliance with the Company’s Ethical Corporate Management Best-Practice Principles.</p>
(II) Has the company established a risk assessment mechanism for unethical behavior, regularly analyzed and assessed business activities within its business scope that have a high risk of unethical behavior, and formulated a plan to prevent unethical behavior that at least covers the preventive measures for acts under paragraph 2, Article 7 of the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”?	Yes			<p>(III) Same as the explanation above.</p>
(III) Has the Company specified operating procedures, conduct guidelines, disciplinary and appeal systems for violations in the unethical behavior prevention plan, implemented them, and regularly reviewed and amended the disclosure plan?	Yes			No material difference.

Evaluation Item			Operation status		Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary		
II. Implementation of Ethical Corporate Management					
(I) Does the Company evaluate the ethical corporate management record of its counterparties, and specify the terms of ethical behavior in the contracts signed with its counterparties?	Yes		(I) The Company evaluates the ethics of its key business partners, and tries to explicitly stipulate ethics clauses for the contracts to facilitate mutual adherence.	No material difference.	
(II) Has the Company set up a dedicated unit subordinate to the board of directors to promote the ethical corporate management of enterprises, and regularly (at least once a year) report to the board of directors its ethical corporate management policy and plan to prevent unethical behavior, as well as the implementation of supervision?	No		(II) Although the Company has not yet established a dedicated unit under the Board of Directors to promote the integrity of business operations, it has explicitly stipulated punishment provisions for unethical acts in the “Work Rules” and implemented the rules through various operating units.	Improvement will be studied.	
(III) Has the Company developed a conflict of interest prevention policy, provided appropriate presentation channels, and implemented them?	Yes		(III) The Company has formulated the “Ethical Corporate Management Best-Practice Principles” and “Code of Ethical Conduct” and implemented them.	No material difference.	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical operation, and has the internal audit unit formulated relevant audit plans based on the assessment results of unethical behavior risks, and audited the compliance with the unethical behavior prevention plan, or entrusted CPAs to perform the audit?	Yes		(IV) The Company has established an effective accounting system and internal control system. Internal audits are conducted regularly, and financial reports are signed and audited by CPAs.	In compliance with the Company’s Ethical Corporate Management Best-Practice Principles.	
(V) Does the company regularly hold internal and external training on ethical corporate management?	Yes		(V) Relevant contents have been stipulated in the Company’s “Ethical Corporate Management Best-Practice Principles.”	No material difference.	

Evaluation Item	Operation status		Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
III. Operation of the Company's Whistleblowing System			
(I) Has the Company established a specific whistleblower and reward system, established a convenient channel for whistleblowing, and assigned appropriate personnel to handle complaints?	Yes	(I) The Company has formulated the "Ethical Corporate Management Best-Practice Principles" which stipulates the relevant whistleblowing system.	No material difference.
(II) Has the Company established standard operating procedures for the investigation of matters reported, follow-up measures to be taken after the investigation, and relevant confidentiality mechanisms?	Yes	(II) Same as above.	No material difference.
(III) Does the Company take measures to protect the whistleblower from improper handling due to the whistleblowing?	Yes	(III) Same as above.	No material difference.
IV. Strengthening of Information Disclosure			
Does the Company disclose the content of its Ethical Corporate Management Best-Practice Principles and the effectiveness of promotion on its website and the MOPS?	Yes	The Company has formulated its "Ethical Corporate Management Best-Practice Principles," and disclose the contents on its website and the MOPS.	No material difference.
V. If the Company has its own Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe the differences between their operations: The Company has formulated its "Ethical Corporate Management Best-Practice Principles," and follows the provisions in its daily operations.			
VI. Other important information that will facilitate the understanding of the Company's ethical corporate management (such as the Company's review and revision of its Ethical Corporate Management Best-Practice Principles): None.			
(VIII) Inquiry methods of the Company's corporate governance best-practice principles and related regulations: The Company has formulated its corporate governance best-practice principles and related regulations, and filed and announced it according to law. Other relevant regulations of the Company can be found at: <a href="http://www.sea-land.com.tw">www.sea-land.com.tw</a> .			
(IX) Please also disclose other important information which may enhance the understanding of the Company's corporate governance operation: Please refer to our website- <a href="http://www.sea-land.com.tw">www.sea-land.com.tw</a>			

(X) Implementation of the internal control system

1. Internal Control Declaration

Internal Control System Declaration of Public Offering Company

Indicating that both the design and execution are valid

(This declaration is applicable when all laws and regulations are declared on the legal compliance part.)

Sea & Land Integrated Corp.

Internal Control System Declaration

Date: March 12, 2024

Based on the results of the Company's self-evaluation of the internal control system for 2023, we hereby declare the following:

- I. The Company knows that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board of Directors and managers of the Company, and the Company has already established this system. Its purpose is to provide reasonable assurance for the achievement of the objectives of operational effectiveness and efficiency (including profitability, performance and asset security), reliability, timeliness, transparency of reporting, and compliance with relevant norms and relevant laws and regulations.
- II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the three objectives above. Moreover, due to changes in environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-supervision mechanism, and once deficiencies are identified, the Company will take corrective action immediately.
- III. The Company judges whether the design and implementation of the internal control system is effective in accordance with the judgment items of the effectiveness of the internal control system specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The judgment items of the internal control system adopted in the Regulations are to divide the internal control system into five components according to the process of management control: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervision operations. Each component element includes several items. For the items above, please refer to the provisions of the "Regulations."
- IV. The Company has adopted the internal control system judgment items above to evaluate the effectiveness of the design and implementation of the internal control system.
- V. Based on the evaluation results referred to in the preceding paragraph, the Company believes that the design and implementation of the internal control system as of December 31, 2023 (including supervision and management of subsidiaries), including the understanding of the effectiveness of operations and the extent to which efficiency goals have been achieved, the reliability, timeliness, transparency of reporting, and the compliance with relevant norms and relevant laws and regulations, as well as the compliance with relevant internal control systems, are effective and can reasonably ensure the achievement of the goals above.
- VI. This Declaration will become the main content of the Company's annual report and prospectus, and will be made public. If there are false, hidden and other illegal circumstances in the disclosure above, the legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be involved.
- VII. This Declaration was approved by the board meeting of the Company on March 12, 2024. Of the eight directors present (1 entrusted), 0 had objections, and the rest agreed with the contents of this Declaration.

Sea & Land Integrated Corp.

Chairman and President: Ho, Ying-Jin signature and seal

2. Where a CPA is entrusted to audit the internal control system on a special case basis, the CPA's audit report shall be disclosed: None.

(XI) Where the Company and its internal personnel have been punished in accordance with the law for the most recent year and up to the date of printing of the annual report, or the Company has imposed penalties on its internal personnel for violating the provisions of the internal control system, major deficiencies and improvements shall be listed: None.

(XII) Important resolutions of the shareholders' meeting and the board meeting for the most recent year and up to the printing date of the annual report.

<p>* 2023 Shareholders' Meeting Date: June 09, 2023</p> <p>Number of shares present: The total number of shares present by shareholders and their agents (including electronic voting) totals 57,393,428, accounting for 54.72% of the total number of 104,876,607 shares issued by the Company and reached the quorum required.</p>		
<b>Matters for resolution</b>	<b>Voting results</b>	<b>Implementation status</b>
(1) Recognition of the 2022 final accounts	<p>Attending shareholders (including entrusted agents and those exercising electronic voting)</p> <p>The shares represented 57,393,428 voting rights. Among them, 57,199,696 rights were affirmative. 46,771 rights were negative and none was invalid. Abstaining/non-voting: 146,961 rights.</p> <p>The affirmative votes reached 99.66% of the shares present, and the motion was approved.</p>	
(2) Recognition of the 2022 earnings distribution schedule.	<p>Attending shareholders (including entrusted agents and those exercising electronic voting)</p> <p>The shares represented 57,393,428 voting rights. Among them, 57,179,590 rights were affirmative. 68,260 rights were negative and none was invalid. Abstaining/non-voting: 145,578 rights.</p> <p>The affirmative votes reached 99.62% of the shares present, and the motion was approved.</p>	The cash dividend distribution date is September 15, 2023.
(3) Amendment to the Company's "Articles of Association."	<p>Attending shareholders (including entrusted agents and those exercising electronic voting)</p> <p>The shares represented 57,393,428 voting rights. Among them, 57,192,083 rights were affirmative. 51,048 rights were negative and none was invalid. Abstaining/non-voting: 150,297 rights.</p> <p>The affirmative votes reached 99.64% of the shares present, and the motion was approved.</p>	

<b>Matters for resolution</b>	<b>Voting results</b>	<b>Implementation status</b>
(4) By-election of one independent director.	<p>Election result: Elected- Chiang, Kuo-Cheng (Independent Director)</p> <p>The total number of rights obtained is 56,489,283 rights.</p>	
(5) Lifting of non-compete on directors.	<p>new independent directors have no competitive conduct, Voting on resolutions will only be conducted in accordance with the provisions of electronic voting.</p> <p>Attending shareholders (including entrusted agents and those exercising electronic voting)</p> <p>The shares represented 57,393,428 voting rights. Among them, 56,914,208 rights were affirmative. 281,947 rights were negative and none was invalid.</p> <p>Abstaining/non-voting: 197,273 rights.</p> <p>The affirmative votes reached 99.16% of the shares present, and the motion was approved.</p>	

\* Important resolutions of board meetings in 2023 and up to the date of printing of the annual report:

Date	Matters for resolution	Securities and Exchange Act §14-3 Matters listed	Opinions of Independent Directors and the Company's handling of the opinions of Independent Directors	Board meeting Resolution
5th session of the 17th term on March 15, 2023	(1) Self-evaluation and issuance of the "Internal Control Declaration."	V	All Independent Directors approved without objection.	All attending Directors approved without objection.
	(2) Performance evaluation of the Board of Directors		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(3) Appropriation of 2022 employees' remuneration and directors' remuneration.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(4) Review of the 2022 financial statements and consolidated financial statements.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(5) Review of the 2022 business report.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(6) 2022 earnings distribution.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(7) Amendment to the "Articles of Association."		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(8) By-election of an independent director.		All Independent Directors approved without objection.	All attending Directors approved without objection.

Date	Matters for resolution	Securities and Exchange Act §14-3 Matters listed	Opinions of Independent Directors and the Company's handling of the opinions of Independent Directors	Board meeting Resolution
	(9) Lifting of non-compete on directors.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(10) Convening of the 2023 general shareholders' meeting.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(11) Regular evaluation of the independence of certifying CPAs.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(12) Financing from financial institutions.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(13) Ratification of CPA remuneration for 2022.	V	All Independent Directors approved without objection.	All attending Directors approved without objection.
6th session of the 17th term on May 09, 2023	(1) Financing from financial institutions.		All Independent Directors approved without objection.	All attending Directors approved without objection.
7th session of the 17th term on August 09, 2023	(1) Setting the Company's ex dividend date, issuance date and other related matters.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(2) Amendment to the "Regulations Governing Procedure for Board of Directors "		All Independent Directors approved without objection.	All attending Directors approved without objection.

Date	Matters for resolution	Securities and Exchange Act §14-3 Matters listed	Opinions of Independent Directors and the Company's handling of the opinions of Independent Directors	Board meeting Resolution
	(3) Financing from financial institutions.		All Independent Directors approved without objection.	All attending Directors approved without objection.
8th session of the 17th term on November 13, 2023	(1) Establish a dedicated information security manager.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(2) Financing from financial institutions.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(3) CPA remuneration for 2023.	V	All Independent Directors approved without objection.	All attending Directors approved without objection.
9th session of the 17th term on December 27, 2023	(1) The Company's business plan and annual budget for 2024.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(2) Discussion on the Company's 2024 internal audit plan.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(3) Discussion on the 2024 internal audit plans of the Company's grandson companies.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(4) Financing from financial institutions.		All Independent Directors approved without objection.	All attending Directors approved without objection.

Date	Matters for resolution	Securities and Exchange Act §14-3 Matters listed	Opinions of Independent Directors and the Company's handling of the opinions of Independent Directors	Board meeting Resolution
10th session of the 17th term on March 12, 2024	(1) Self-evaluation and issuance of the “Internal Control Declaration.”	V	All Independent Directors approved without objection.	All attending Directors approved without objection.
	(2) Performance evaluation of the Board of Directors		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(3) Appropriation of 2023 employees' remuneration and directors' remuneration.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(4) Review of the 2023 financial statements and consolidated financial statements.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(5) Review of the 2023 business report.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(6) 2023 earnings distribution.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(7) Convening of the 2024 general shareholders' meeting.		All Independent Directors approved without objection.	All attending Directors approved without objection.
	(8) Regular evaluation of the independence of certifying CPAs.		All Independent Directors approved without objection.	All attending Directors approved without objection.

Date	Matters for resolution	Securities and Exchange Act §14-3 Matters listed	Opinions of Independent Directors and the Company's handling of the opinions of Independent Directors	Board meeting Resolution
	(9) The CPA made internal organizational adjustments and replaced the certified accountant.	V	All Independent Directors approved without objection.	All attending Directors approved without objection.

- (XIII) For the most recent year and up to the date of printing of the annual report, Whether Directors or Supervisors have different opinions on important resolutions adopted by the board meeting with records or written statements in place: None.
- (XIV) The resignation or dismissal of the chairman, president, accounting director, financial director, internal audit director, corporate governance director or R&D director of the company in the most recent year and up to the printing date of the annual report: None.

(XV) Evaluation of the independence of certifying CPAs:

In accordance with Article 29 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Company’s “Procedures for the Selection and Audit of Certifying CPAs,” the certifying CPAs are regularly evaluated and the results are submitted to the board meeting for resolution in the first quarter of each year.

Sea & Land Integrated Corp.

Certifying CPA Review and Evaluation Table

One. Review of independence requirements (if “No” is checked in any of the following items, the specific facts should be further understood)

Item	Content of evaluation	Please check			Remark
		Yes	No	N/A	
01	The CPA him/herself or his/her spouse or minor children have no investment or financial interest sharing relationship with the Company.				
02	The CPA him/herself or his/her spouse or minor children have no fund lending or borrowing with the Company. However, this restriction does not apply to clients who are financial institutions and have regular transactions.				
03	The CPA firm has not issued an assurance service report it designed or assisted in the effective operation of the financial information system.				
04	The CPAs or audit service team members have not held any position as a director, manager or any position of the Company with a significant influence on the audit case at the moment or within the past two years.				
05	The non-audit services provided by the Company do not have any significant items that directly affect the audit case.				
06	The CPAs or audit service team members have not promoted or mediated the stocks or other securities issued by the Company.				
07	Except for the businesses permitted by laws and regulations, the CPAs or audit service team members have not represented the Company in defending legal cases or other controversial matters with third parties.				
08	The CPAs or audit service team members have no relationship of spouse, direct blood relatives, direct in-law relatives, or collateral blood relatives within the second degree of kinship with the Company’s directors, managers or personnel who have significant influence on the audit case.				
09	The co-certifying CPA who has left office for less than one year has not held any position as a director, manager or any position of the Company with a significant influence on the audit case.				
10	The CPAs or audit service team members have not received gifts or special offers of significant value from the Company or its directors, managers or major shareholders.				

11	The CPAs are not currently employed by a client or auditee to perform regular work, receive a fixed salary, or serve as a director or supervisor.				
12	TWSE or TPEx listed company: The CPAs have not provided audit services to the Company for seven consecutive years. Non-TWSE or non-TPEx listed company: The CPAs have not provided audit services to the Company for ten consecutive years.				

Two. Review of independence operations (if “No” is checked in any of the following items, the specific facts should be further understood)

Item	Content of evaluation	Please check			Remark
		Yes	No	N/A	
01	Have the CPAs avoided and not handled matters that they have a direct or significant indirect interest in, and affect their impartiality and independence?				
02	When providing audit, review, re-check or special-case review of financial statements and issuing an opinion accordingly, do the CPAs maintain formal independence in addition to substantive independence?				
03	Do the audit service team members, other co-certifying CPAs, corporate shareholders of the CPA firm, CPA firm and affiliated companies and alliance firms also maintain independence from the Company?				
04	Does the CPAs perform professional services with integrity and rigor?				
05	Have the CPAs maintained a fair and objective position in the performance of their professional services, and have they avoided influencing their professional judgment due to bias, conflict of interest, or interest?				
06	The CPAs have no lack of or loss of independence that affects their integrity, impartiality and objectivity.				

Three. Review of job suitability (if “No” is checked in any of the following items, the specific facts should be further understood)

Item	Content of evaluation	Please check			Remark
		Yes	No	N/A	
01	The CPAs have no disciplinary record at the CPA Disciplinary Committee for the past two years.				
02	Does the CPA firm have sufficient scale, resources, and regional coverage to handle the Company’s audit services?				
03	Does the CPA firm have a clear quality control procedure? Does the coverage include the levels and key points of the audit process, the way to handle audit issues and judgments, independent quality control reviews, and risk management?				

04	Does the CPA firm promptly notify the board of directors (audit committee) of any significant issues and developments in risk management, corporate governance, financial accounting, and related risk control?				
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Four. Other supplementary matters:

Five. Evaluation opinions

- Reviewed and approved, recommended to appoint/maintain the original appointment.
- There are doubts in the review, and it is recommended not to appoint/replace the CPAs.

Reasons:

Evaluation supervisor:

V. Certifying CPA's Fees

(I) Disclose the amount of audit fees and non-audit fees paid to the certifying CPAs and their affiliated CPA firm and affiliated enterprises, as well as the content of non-audit services:

Unit: NT\$ thousand

CPA firm's name	CPAs' names	CPA audit period	Audit fee	Audit fee	Total	Remark
PwC Taiwan	Hsu, Ming-Chuan	January 1, 2023 to December 31, 2023	3,075	1,065	4,140	Non-audit fees: tax certification, assurance and other financial advisory services.
	Chih, Ping-Chiun					

1. If the accounting firm is replaced and the audit fees paid in the year of replacement are less than those paid in the year prior to the replacement, the amounts of audit fees before and after the replacement and the reasons thereof shall be disclosed: Not applicable.
2. If the audit fees have decreased by more than 10% compared to the previous year, the amount, proportion, and reason for the decrease shall be disclosed: Not applicable.

VI. Information on replacement of CPA: None.

VII. The Chairman, President or manager in charge of financial or accounting affairs of the Company who has served in the CPA firm or its affiliated enterprises within the most recent year: None.

VIII. For the most recent year and up to the date of printing of the annual report, the transfer of shares and changes in pledge of shares by directors, managers, and shareholders holding more than 10% of the shares:

(I) Changes in equity held by directors, supervisors, managers, and major shareholders:

Title	Name	2023		Current year as of April 14	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman/President	Ho, Ying-Jin	0	0	0	0
Director	Chien, Chung-Jung	0	0	0	0
Director	Hung, Keng-Shu	0	0	0	0
Director	Lien, Chin-Chih	0	0	0	0
Director	Lin, Hsiu-Hung	0	0	0	0
Director	Ever Glory Transportation	0	0	0	0
	Ever Glory Transportation Representative – Wu, Bo-Hsiao	0	0	0	0
Independent Director	Lin, Jy-Shenp	0	0	0	0
Independent Director	Tung, Young- Cheng	0	0	0	0
Independent Director	Lee, Yeh-Chung	0	0	0	0
Independent Director	Ching, Kong-Kwok	0	0	0	0
Assistant Vice President	Lai, Chiu-Ming	0	0	Not applicable	Not applicable
Assistant Vice President	Huang, Liang-Ping	0	0	0	0
Assistant Vice President	Tsai, Yi-Hsien	0	0	0	0
Finance Manager	Hu, Yu-Hui	0	0	0	0
Accounting Manager	Li, Yin-Hsueh	0	0	0	0
Accounting Manager	Hu, Li-Hua	Reduce by 1,000 shares	0	Increase by 2,000 shares	0

\* Independent Director Chiang, Kuo-Cheng was newly appointed on June 09, 2023.

\* AVP Lai, Chiu-Ming retired on July 08, 2023.

\*Corporate Director Ever Glory Transportation 2024.01.15 Resigned.

(II) Share transfer information: The directors, supervisors, managers, and major shareholders of the Company have not had any share transfer to related parties.

(III) Share pledge information: The directors, supervisors, managers, and major shareholders of the Company have not had any share pledge.

IX. The relationships among the top ten shareholders in terms of shareholding:

April 14, 2024

Name	Shareholding of the shareholder		Shareholding of spouse and minors		Shareholding in the name of others		Name and relationship of the top ten shareholders who are related parties, spouses, or relatives within the second degree of kinship		Remarks
	Number Of shares	Share holding ratio	Number Of shares	Share holding ratio	Number of shares	Share holding ratio	Name	Relationship	
Ho Ying-Jin	11,115,162	10.60%	3,268,499	3.12%	0	0	Ho Chun-Ying	Brother and sister	
							Yen Ying-Zhen	Spouses	
							Ho Wei-Cheng	Father and son	
							Ho Pei-Xuan	Father and daughter	
Tim Show Co., Ltd.	6,578,634	6.27%	0	0	0	0	Ho Chun-Ying	Representative	
Tim Show Co., Ltd. Representative: Ho Chun-Ying	0	0	0	0	0	0	Tim Show Co., Ltd.	Representative	
Tai ying Investment Co., Ltd.	5,141,297	4.90%	0	0	0	0	Ho Chun-Ying	Representative	
Tai ying Investment Co., Ltd. Representative: Ho Chun-Ying	0	0	0	0	0	0	Tai ying Investment Co., Ltd	Representative	
Investment account of BNP Paribas Singapore Branch in the custody of HSBC Bank (Taiwan) Limited	4,905,950	4.68%	0	0	0	0	None	None	
Ever Glory Transportation Inc.	4,336,860	4.14%	0	0	0	0	Huang Chu-Yuan	Representative	
Ever Glory Transportation Inc. Representative: Huang Chu-Yuan	0	0	0	0	0	0	Ever Glory Transportation	Representative	

Name	Shareholding of the shareholder		Shareholding of spouse and minors		Shareholding in the name of others		Name and relationship of the top ten shareholders who are related parties, spouses, or relatives within the second degree of kinship		Remarks
	Number of shares	Share holding ratio	Number Of shares	Share holding ratio	Number of shares	Share holding ratio	Name	Relationship	
Lifeng Transporation Enterprise Co., Ltd	4,002,599	3.82%	0	0	0	0	Wu Bo-Xiao	Representative	
Lifeng Transporation Enterprise Co., Ltd. Representative: Wu Bo-Xiao	0	0	0	0	0	0	Lifeng Transporation	Representative	
Yen Ying-Zhen	3,268,499	3.12%	11,115,162	10.60%	0	0	Ho Ying-Jin	Spouses	
							Ho Wei-Cheng	Mother and son	
							Ho Pei-Xuan	Mother and daughter	
Property account of Tu Zhi-Wei entrusted to Cathay United Bank	2,250,350	2.15%	0	0	0	0	None	None	
Ho Wei-Cheng	2,070,094	1.97%	0	0	0	0	Ho Ying-Jin	Father and son	
							Yen Ying-Zhen	Mother and son	
							Ho Pei-Xuan	Brother and sister	
Ho Pei-Xuan	1,897,363	1.81%	0	0	0	0	Ho Ying-Jin	Father and daughter	
							Yen Ying-Zhen	Mother and daughter	
							Ho Wei-Cheng	Brother and sister	

- X. The number of shares held by the Company, its directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise, and the consolidated shareholding ratio:

December 31, 2023 Unit: thousand shares; %

Reinvested enterprise	Investment of the Company		Investment of directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Eternal Full Enterprise Ltd.	0	100.00	0	0	0	100.00
New Anho Gas Station Co., Ltd.	7,800	100.00	0	0	7,800	100.00
Sea & Land Wine & Spirits Incorporation	5,523	55.23	1,592	15.92	7,115	71.15
Sea & Land Sinogreenergy Inc.	1,603	75.00	0	0	1,603	75.00
Chiayi New Energy Co., Ltd.	1,955	77.27	125	4.94	2,080	82.21
DENZAI Sea & Land Corporation	100	50.00	0	0	100	50.00
Giant Heavy Machinery Service Corp.	13,178	28.92	3,157	6.93	16,335	35.85
Peace King Enterprise Co.,Ltd.	0	0	0	100.00	0	100.00
Glory Base Group Limited	0	0	0	100.00	0	100.00
CTY TNHH Sea and Land Formosa	0	0	0	100.00	0	100.00

# Chapter 4 Funding Situation

## I. Capital and Shares

### (I) Source of Capital

Month and year	Issuing price	Approved share capital		Paid-in capital		Remark		
		Number of shares (thousand shares)	Amount (NT\$ thousand)	Number of shares (thousand shares)	Amount (NT\$ thousand)	Source of capital	Share capital paid with property other than cash	Others
November 1994	10	19,900	199,000	19,900	199,000	Capital increase of NT\$89,000 thousand in cash and capital increase of NT\$10,000 thousand from earnings.	—	—
October 1995	10	30,200	302,000	30,200	302,000	Capital increase of NT\$63,200 thousand in cash and capital increase of NT\$39,800 thousand from earnings.	—	Approval via letter dated June 23, 1995 referenced Tai-Tsai-Cheng (I) 31893.
July 1996	10	45,000	450,000	34,966	349,664	Capital increase of NT\$47,664 thousand from earnings.	—	Approval via letter dated June 17, 1996 referenced Tai-Tsai-Cheng (I) 38720.
July 1997	10	45,000	450,000	39,512	395,120	Capital increase of NT\$45,456.32 thousand from earnings.	—	Approval via letter dated June 27, 1997 referenced Tai-Tsai-Cheng (I) 50641.
August 1998	10	45,000	450,000	44,814	448,139	Capital increase of NT\$53,018.59 thousand from earnings.	—	Approval via letter dated July 17, 1998 referenced Tai-Tsai-Cheng (I) 59624.
April 1999	10	113,000	1,130,000	62,505	625,053	Capital increase of NT\$44,813.89 thousand from earnings, capital increase of NT\$2,100 thousand from employee bonus, and capital increase of NT\$130,000 thousand in cash.	—	Approval via letter dated April 15, 1999 referenced Tai-Tsai-Cheng (I) 32082.
June 2000	10	123,000	1,230,000	65,688	656,885	Capital increase of NT\$25,002 thousand from earnings, capital increase of NT\$580 thousand from employee bonus, and capital increase of NT\$6,250 thousand from capital surplus.	—	Approval via letter dated July 7, 2000 referenced Tai-Tsai-Cheng (I) 58927.
March 2004	10	123,000	1,230,000	61,697	616,975	Capital reduction of NT\$39,910 thousand due to cancellation of treasury shares.	—	Approval via letter dated March 1, 2004 referenced Jing-Shou-Shang 09301030770.
October 2008	10	123,000	1,230,000	62,931	629,314	Capital increase of NT\$12,339 thousand from earnings.	—	Approval via letter dated November 14, 2008 referenced Jing-Shou-Shang 09701290080.
July 2014	10	123,000	1,230,000	63,078	630,775	NT\$1,461 thousand from conversion of secured convertible corporate bonds.	—	Approval via letter dated July 22, 2014 referenced Jing-Shou-Shang 09701290080.
September 2014	10	123,000	1,230,000	65,595	655,948	Capital increase of NT\$25,173 thousand from earnings.	—	Approval via letter dated September 29, 2014 referenced Jing-Shou-Shang 10301202630.
December 2014	10	123,000	1,230,000	74,595	745,949	Capital increase of NT\$90,000 thousand in cash.	—	Approval via letter dated December 31, 2014 referenced Jing-Shou-Shang 10301271740.
September 2015	10	123,000	1,230,000	78,325	783,246	Capital increase of NT\$37,297 thousand from earnings.	—	Approval via letter dated September 15, 2015 referenced Jing-Shou-Shang 10401197660.
October 2021	10	123,000	1,230,000	80,674	806,743	Capital increase of NT\$23,497 thousand from earnings.	—	Approval via letter dated October 26, 2021 referenced Jing-Shou-Shang 11001192030.
September 2022	10	123,000	1,230,000	104,876	1,048,766	Capital increase of NT\$242,023 thousand from earnings.	—	Approval via letter dated September 30, 2022 referenced Jing-Shou-Shang 11101179020.

April 14, 2024  
Unit: thousand shares

Share type	Approved share capital			Remark
	Outstanding shares	Unissued shares	Total	
Ordinary shares	104,877	18,123	123,000	

Note: The outstanding shares are all TPEx listed shares

Information related to the blanket reporting system: None.

## (II) Shareholder Structure

Share type: Ordinary shares

Shareholding as of April 14, 2024

	Government agencies	Financial institutions	Other institutional investors	Individuals	Foreign institutions and foreign individuals	Total
Number	0	3	129	22,256	25	22,413
Shareholding	0	3,154,448	20,642,922	74,158,970	6,920,267	104,876,607
Shareholding ratio	0.00%	3.01%	19.68%	70.71%	6.60%	100.00%

## (III) Distribution of shareholding

Share type: Ordinary shares

Shareholding as of April 14, 2024

Shareholding level	Number of shareholders	Shareholding	Ratio (%)
1 ~ 999	14,190	1,077,170	1.03%
1,000 ~ 5,000	6,132	13,009,290	12.40%
5,001 ~ 10,000	1,095	7,915,115	7.55%
10,001 ~ 15,000	406	5,137,899	4.90%
15,001 ~ 20,000	180	3,234,266	3.08%
20,001 ~ 30,000	168	4,245,665	4.05%
30,001 ~ 40,000	53	1,878,401	1.79%
40,001 ~ 50,000	35	1,615,308	1.54%
50,001 ~ 100,000	85	6,110,257	5.83%
100,001 ~ 200,000	34	4,742,575	4.52%
200,001 ~ 400,000	19	5,413,147	5.16%
400,001 ~ 600,000	3	1,486,200	1.42%
600,001 ~ 800,000	1	787,930	0.75%
800,001 ~ 1,000,000	1	903,825	0.86%
1,000,001 ~ 9,999,999,999	11	47,319,559	45.12%
Total:	22,413	104,876,607	100%

Note: The Company does not have preference shares.

(IV) Major shareholders

Shareholding as of April 14, 2024

Ranking	Account No.	Account name of shareholder	Number of shares	Ratio
1	2	Ho Ying-Jin	11,115,162	10.60%
2	48787	Tim Show Co., Ltd	6,578,634	6.27%
3	8880	Taiying Investment Co., Ltd	5,141,297	4.90%
4	22010	Investment account of BNP Paribas Singapore Branch in the custody of HSBC Bank (Taiwan) Limited	4,905,950	4.68%
5	9187	Ever Glory Transportation Inc.	4,336,860	4.14%
6	8879	Lifeng Transporation Enterprise Co., Ltd.	4,002,599	3.82%
7	14	Yen Ying-Zhen	3,268,499	3.12%
8	22340	Property account of Tu Zhi-Wei entrusted to Cathay United Bank	2,250,350	2.15%
9	8360	Ho Wei-Cheng	2,070,094	1.97%
10	8882	Ho Pei-Xuan	1,897,363	1.81%
		Total	45,566,808	43.46%

(V) Market value, net value, earnings, dividends and related information per share for the most recent two years:

Unit: NT\$

Item	Year	2023	2022	Current year as of March 31
Market price per share	Highest	24.90	58.00	24.45
	Lowest	19.60	19.10	21.70
	Average	21.31	34.59	22.52
Net value per share	Before distribution	17.53	16.57	Not applicable
	After distribution	Not yet distributed	16.57	Not yet distributed
Earnings per share (NT\$)	Weighted average number of shares (thousand shares)	104,877	104,877	104,877
	Earnings per share (NT\$) Before adjustment	1.93	1.89	Not applicable
	Earnings per share (NT\$) After retrospective adjustment	Not yet distributed	1.88	Not yet distributed
Dividend per share	Cash dividend	Not yet distributed	1	Not yet distributed
	Stock dividend	Bonus shares from earnings	Not yet distributed	0
		Bonus shares from capital surplus	Not yet distributed	0
	Accumulated unpaid dividend	0	0	0
Return on investment analysis	Price to earnings ratio	11.40	11.48	Not applicable
	Price to dividend ratio	Not yet distributed	21.70	Not applicable
	Cash dividend yield	Not yet distributed	4.82	Not applicable

Note : As of the date of printing of the annual report, The Company's financial information for the first quarter of 2024 has not yet been reviewed by CPAs

(VI) Company dividend policy and implementation status:

Policy:

1. According to the Company's Articles of Association, if the Company has any surplus in the annual final accounts, after paying taxes and making up for the losses of previous years according to law, it shall first set aside 10% as the legal reserve, except when the legal reserve has reached the total capital amount, and then set aside or reverse the special reserve in accordance with laws and regulations and the regulations of the competent authority. The accumulated undistributed earnings in the previous period shall then be added, and the balance is the accumulated distributable earnings. After considering the funds needed for the growth of the Company, the aforesaid accumulated distributable earnings shall be submitted to the shareholders' meeting for resolution by the board of directors. For the dividend distribution policy, as the Company is in a growth stage, the Company's current and future investment environment, capital demand, market competition and capital budget factors, as well as the interests of shareholders, balanced dividends and the Company's long-term financial planning shall be taken into account. The board of directors shall prepare a distribution proposal according to law, and submit it to the shareholders' meeting every year. For the distribution of shareholders' dividends, cash dividends shall be 20%–100% of the total dividends, and the rest shall be stock dividends.
2. The legal reserve shall not be used except to cover the Company's losses and to issue new shares or pay cash in proportion to the original shareholdings of shareholders. However, if new shares are issued or cash is paid, the portion of the reserve exceeding 25% of the paid-in capital shall apply.

Implementation Status:

According to the board resolution on March 12, 2024, the Company plans to distribute a cash dividend of NT\$125,851,928 (NT\$1.2/share) from the 2023 earnings.

(VII) The impact of the proposed free share allotment at this shareholders' meeting on the Company's operating performance and earnings per share: No resolution of stock dividend was made at the shareholders' meeting.

(VIII) Remuneration for employees, directors and supervisors:

1. The percentage or scope of remuneration for employees, directors and supervisors as in the Company's Articles of Association:

According to the Company's Articles of Association, if there is a balance after deducting accumulated losses based on the profit situation of the current year, not less than 5% shall be allocated as employees' remuneration, and not more than 5% shall be allocated as directors' and supervisors' remuneration.

2. The estimation basis for the amount of employees', directors' and supervisors' remuneration for the current period, and the accounting treatment for differences between the calculation basis for the number of shares of employees' remuneration in stock and the actual distribution amount:

The estimated amount of employees' remuneration of the Company for 2023 is NT\$12,182,470, and the estimated amount of the directors' and supervisors' remuneration is NT\$12,182,470. The above-mentioned amounts are recognized in the work bonus account, and there is no difference between the estimated amount and the actual amount.

3. Distribution of remuneration approved by the board meeting:

The profit of the Company in 2023 (before the distribution of employees' remuneration and directors' remuneration), is NT\$243,649,409. It is proposed to allocate 5% as employees' remuneration for 2023, for an amount of NT\$12,182,470; it is proposed to allocate 5% as directors' and supervisors' remuneration for 2023, for an amount of NT\$12,182,470.

4. The actual distribution of the remuneration of employees, directors and supervisors during the previous year (including the number of shares distributed, amount and share price); if they are different from the recognized remuneration of employees, directors and supervisors recognized, describe the differences, the reasons and the handling thereof:
5. The profit of the Company in 2022 (before the distribution of employees' remuneration and directors' and supervisors' remuneration), is NT\$244,186,913. 5% is appropriated as employees' remuneration for 2022 at an amount of NT\$12,209,346, and 5% as directors' and supervisors' remuneration for 2022 at an amount of NT\$12,209,346. There is no difference between the actual amounts distributed and the recognized amounts of remuneration of employees, directors, and supervisors.

(IX) The Company's repurchase of its shares: None.

II. Handling of corporate bonds: None.

III. Handling of preference shares: None.

IV. Handling of overseas depository receipts: None.

V. Handling of employee stock options: None.

VI. Handling of new shares with restricted employee rights: None.

VII. Handling of new shares issued for M&A or assignment of other companies' shares: None.

VIII. Implementation of capital utilization plan: None.

# Chapter 5 Operation Overview

## I. Business Contents:

### (I) Business scope:

1. Key businesses
  - (1) Container transportation.
  - (2) Heavy machinery transportation and hoisting business
  - (3) Gas stations.
  - (4) Foreign wine import business.
  - (5) Others: leasing and warehousing
2. Proportion of each business item in turnover:

Item	Proportion of operating revenue in 2023
Container transportation	46
Heavy machinery transportation and hoisting business	32
Sales revenue	19
Rental income	3
Total	100

\*Please refer to the operating income information in the consolidated financial statements.

### 3. Current service items of the Company:

- (1) Container transportation.
  - A. Transshipment operations - inland transportation of containers between the container distribution centers coordinated or designated by each shipping company in the north/central/southern part of the country to major ports.
  - B. Shipside operations - inland transportation of containers within the port terminals where each shipping container ship is berthed or to adjacent container distribution yards.
  - C. (CY) Import and export operations of cargo owners - the import and export containers of each cargo owner are transported inland between each cargo owner's factory and the container distribution yard.
- (2) Heavy Machinery Transportation and Lifting Operations

- A. Hoisting and transportation of heavy machinery:  
Our customers are domestic and foreign manufacturers, professional machinery and equipment manufacturers, engineering companies, shipping companies, petrochemical plants, state-owned enterprises, etc. We are directly or indirectly entrusted with the transport and lifting of heavy and oversized machinery parts, including import customs clearance, cargo handling operations and coordination, coastal ship transport/beaching, temporary pier design and construction, bridge reinforcement design and construction, and related application operations.
  - B. Whole plant equipment transport and lifting:  
Domestic and foreign manufacturers, engineering companies or shipping companies commissioned by the import or export of whole plant equipment and equipment "consistent turnkey" transport, lifting operations, including evaluation, transport and lifting of the investigation, planning, design, application and construction of civil engineering projects; domestic / foreign operating site crane arrangements, various manufacturers unloading services and various ship operators shore side unloading services and other projects.
  - C. Offshore wind power generation equipment onshore operation:  
Offshore wind power is an important green energy promotion project for the government to achieve the energy transformation. Information from the Ministry of Economic Affairs shows that by the end of 2023, 283 wind turbines will have been

installed, and the cumulative capacity has reached 2.25GW. In 2024, the wind farm will be constructed, and it is hoped that the public and private sectors will work together to complete the installation of 314~374 wind turbines, and the cumulative capacity will reach the goal of 2.56~3.04GW. The original target of 5.6GW of offshore wind power capacity by 2025 as set by the Energy Transformation Policy remains unchanged.

Large foreign offshore wind power investors continue to invest in Taiwan, and major domestic contractors are actively competing for the manufacture of underwater foundation piles, Monopile and Jacket, underwater equipment whose sizes and weights exceed Taiwan's previous transport and lifting experience. Our company has rich experience in transporting and lifting heavy machinery, and we have obtained many projects of lifting, unloading and transporting on the shore of piers.

**D. Coastal Vessel Transportation:**

Coastal vessel transport allows more diversified choices for the transport of large heavy machinery parts. With years of experience, the company has become the best partner for domestic and foreign customers. The number of vessels owned by the company, including powered tugboats, workboats, and unpowered platform barges, has reached 8, which is considered a small scale in China, and this allows for a more flexible arrangement and matching of transport modes.

**(3) Foreign wine import business.**

**A. Import Agency**

We are committed to securing Taiwan distributorships for quality brands from major wine-producing countries around the world in order to meet Taiwan's wine market demand.

**B. Distribution Locations**

Our distribution network covers all parts of the province, with centralised warehousing and professional logistics, and our marketing channels are diversified throughout Taiwan, covering tobacco and liquor shops, supermarkets, and catering distribution networks, to provide more immediate and comprehensive services.

**C. Retail**

We set up a directly-managed store, "Sea & Land Fashion Distillery", to provide consumers with face-to-face, direct sales and promotional services.

**D. Wine Tasting Promotion**

- a. Organise various wine-tasting dinners, invite foreign winery winemakers and brand ambassadors to conduct professional training for the business team, and through wine-tasting dinners or seminars, directly introduce the wine brewing process and winery background to consumers, and personally get to know the feelings of the Taiwanese consumers after the tasting, so that we can better understand the market demand in Taiwan.
- b. Participate in large-scale professional wine exhibitions and large-scale wine tastings in Taiwan.
- c. In-depth promotion of large and small enterprises in Taiwan by organising wine tasting courses.

**(4) Others**

The company's petrol station in Changhua is small but stable in business.

Warehousing: Located in the Kaohsiung branch office, serving long-term customers.

The company rents out real estate properties, including commercial offices in Taipei and factory offices in Xizhi, which generate stable income for the company.

**4. Projects planned for development: No project has been planned for development in the short term.**

## (II) Industry Overview

### 1. Current situation and development of the industry:

#### (1) Container transportation

Container inland transportation and container shipping are highly interconnected, and both are affected by factors such as the global cargo trade climate (inflation, interest rate hikes, de-stocking, and consumer contraction) and major international events (e.g., U.S.-China rivalry, geopolitical conflicts, and the U.S.-Russia war). As a result, the current container volume has remained low, which is unfavourable to freight rates, and has led to intensified pricing competition and market share rivalries among the automotive container transport industry, which has had a direct impact on the company's revenues.

The transport industry is highly sensitive to oil prices. Persistently high oil prices, labour shortages/wage increases, challenges to labour laws and regulations, and increases in equipment costs and warranty fees are all key factors affecting profitability. However, the imbalance in the volume of southbound and northbound containers has also resulted in a loss of capacity. While the market is facing all these challenges, it is also a good time to weed out the weak and retain the strong. In the long run, there is a better chance of normalising supply and demand and reducing unhealthy competition.

However, medium and large customers have begun to pay attention to ESG issues, and the Company has been actively promoting this issue in advance and has begun to gain recognition from customers, which will certainly bring customers and the Company closer together and mitigate the impact of price competition among the industry.

#### (2) Heavy machinery transportation and hoisting business

- A. Heavy equipment transport refers to the use of special transport tools for the transport of oversized, ultra-wide, ultra-long and ultra-heavy large-scale machinery and equipment, must overcome the obstacles of transport space and road limitations, so that the value of expensive machinery and equipment can be quickly, safely and economically delivered to the destination. Our company's services include all services at the starting point, transport routes and final points, as well as unloading and lifting of machinery onto the foundation platforms, including storage, handling and unloading of goods. Therefore, prior assessment, investigation, planning, design and application of heavy equipment transport and lifting is a very important part of heavy equipment transport work.
- B. Taiwan's new energy policy needs to first stabilise the original energy source. In recent years, the Company has participated in the Government's completion of the upgrading of the Xingda and Taichung power plants and private power plants, as well as the upgrading of several generating units at the Taoyuan large-scale power plant, which is nearing operational status. In addition, the Company is also expected to obtain projects for natural gas receiving stations in Hsinchu, Taichung and Taoyuan.
- C. The installation of large-scale lifting and unloading equipment at various ports, such as large-scale coal unloaders, is directly entrusted to equipment vendors for transport and lifting (installation) works. The Company has accumulated sufficient experience in barging and transport in this field and is expected to undertake related projects in the future.
- D. In light of the increasing proportion of Taiwan's energy development towards green energy, the Company is also actively seeking opportunities. We are in the process of approaching offshore wind power plants, equipment manufacturers and installation companies in anticipation of more comprehensive enhancement in loading and unloading, transportation, storage site construction management and marine vessel capabilities.

#### (3) Foreign wine import business

With the opening of the border, consumers are traveling abroad one after another, and the duty-free channel market is becoming more active. Increase the frequency of foreign alcohol purchases by the general public and diversify consumption towards other duty-free goods,

relatively reducing the consumption market for domestic gatherings, alcohol consumption, and local alcohol specialty stores. Therefore, in 2023, the prosperity of the alcohol retail market is gradually cooling off, and the industry generally feels pessimistic about the operating prospects in the first half of 2024.

In 2023, facing the phenomenon of "cold business, cold auctions, and rising prices", inflation has tightened consumer demand, auction houses are deserted, sky high bidding is no longer seen, and the Russia Ukraine war has pushed up raw material and transportation costs, resulting in an increase in imported alcohol prices. The whisky market is in a complex situation. Looking forward to a rebound in the second half of 2024, boosting consumer demand and revitalizing the market.

## 2. Relevance of upstream, midstream and downstream industries

### (1) Container transportation

Container transportation can be divided into two types: export and import, and is carried by domestic automobile container transportation companies. Currently, the larger inland container transportation companies in China mainly include Weilian Transportation, Sea and Land Company, Evergreen Storage and Transportation, and other companies. The export process of container transportation is carried out by domestic cargo manufacturers or export traders. When the production of goods is completed, the empty containers are first towed to the factory by the automobile container transportation company for loading. When the containers are loaded, they are then transported to the container consolidation yard designated or coordinated by the container carrier for customs clearance. This stage of transportation is called the (CY) cargo owner import and export operation. The container carrier then entrusts a car container transportation company to transport the containers from the container consolidation yard to the container terminal where the carrier ships are docked (or adjacent to). This stage of transportation is called transfer operation (divided into short, medium, and long distance according to distance). The loading and unloading of containers by container carriers at the port, as well as the connection between different terminals or adjacent container yards at the port, are referred to as ship side operations.

The import process of container transportation is the opposite of the export process mentioned above, except that the empty containers unloaded by the (CY) shipper need to be towed to the empty container consolidation yard instructed or coordinated by the container carrier.

### (2) Heavy machinery transportation and hoisting business

The transportation and hoisting business of heavy machinery mainly involves inland transportation, coastal ship transportation, and hoisting operations of heavy oversized machinery, factory equipment, etc. commissioned by domestic/foreign equipment manufacturers, engineering contractors, international logistics companies, or shipping companies, and mainly involves import transportation operations. The import transportation process involves lifting heavy machinery and goods that have arrived at the port onto trailer racks or special self-propelled multi axle hydraulic racks for inland transportation. If coastal ships are used for transportation, it is the operation of lifting and securing onto a platform barge, transporting to a temporary dock near the completed construction site, and then using large machinery and special self-propelled multi axis oil pressure plate frames to move ashore, carrying and transporting to a designated location, unloading or lifting it onto the foundation platform. This also includes the transportation of general goods from port terminals to designated locations by flatbed trailers, and assistance in customs related applications and coordination.

The export transportation process is mostly short distance transportation, and the final step is to transport the heavy machinery cargo to the side of the heavy cargo ship and hoist it onto the heavy cargo ship. In addition, there are still some customers who need to move within the factory area for short periods of time, and the work is relatively simple.

### (3) Foreign wine import business

The business of importing foreign wine is mainly the business of purchasing and importing foreign wine from importers, and then entrusting midstream distributors or wholesale merchants to distribute it to downstream retail outlets.

## 3. Development trends and competition of products

### (1) Container transportation

A. Product development trends and competition (not products, but transportation services).

B. Competition status:

CY cargo owner's inland transportation of import and export containers:

The main focus is on short- and medium-distance regional transportation, and the proportion of cargo owners from small and medium-sized enterprises (with small container volumes) is relatively high, resulting in a low entry threshold for truck container transportation. You can own as little as one car, which makes the market more complex.

However, for cargo owners with small container volumes, their sensitivity to freight rates and bargaining power are low, and the relative gross profit of freight rates can still be maintained. But for medium and large customers, they need a truck container transportation company with good carrying capacity to meet their needs, so there are relatively few competitors. However, due to limited differences among competitors and fierce price competition, freight gross profits are prone to decline.

Transshipment and intra-container transportation:

Transshipment mainly serves shipping companies, but since inland transportation requires medium and long-distance carrying capabilities, medium and large truck container companies are mainly used. Therefore, there are not many peers in the same industry, but the phenomenon of price competition is still as mentioned above.

The key to whether transshipment can be profitable lies in "stable daily traffic volume and reduced idleness" and "balance between southbound and northbound transportation and reduce empty trips".

### (2) Heavy machinery transportation and hoisting business

A. Product development trends and competition (not products, but transportation services).

B. Competition:

Since general container transportation companies are mainly engaged in the import and export container business and lack experience in transporting heavy machinery parts, there are relatively few heavy machinery parts for bulk transportation equipment such as flatbed trucks and special low-floor trailers. The company has extensive experience in heavy machinery transportation and hoisting operations, has a large number of special low-floor transportation equipment and self-propelled multi-axis hydraulic racks, and has a small coastal ship transportation fleet, so whether it is containers or parts, the entire factory can Loading and unloading, and providing the best ground transportation solution depending on the shape of the cargo, which may be lighter or mixed. The carrying capacity is the most comprehensive and diversified company in Taiwan. However, as domestic small and medium-sized transportation companies have continued to purchase transportation equipment and special low-board transportation equipment in recent years, there are more and more competitors for small projects. But as far as large-scale projects are concerned, the company's competitors are actually large foreign manufacturers, and the number of domestic companies with the same quality is limited.

### (3) Foreign wine import business

A. Development trend:

Customized products to meet different channel needs.

## B. Competition:

It is difficult to establish brand loyalty for alcohol products, and in addition to consumers' preference for the taste of the wine they want to purchase, factors that can affect consumers' decision to purchase, including the packaging of the wine, vintage or distillation year, age, brand awareness, production area, brewing raw materials (grape varieties or grains), bottle label and packaging design, bottle shape and so on, may affect the consumption behavior.

## (III) Overview of technology and research and development:

### 1. Heavy machinery transportation and lifting business

In order to enhance team competition and cooperation planning, it is planned to negotiate with cooperative investment partners to purchase new hydraulic plate erection equipment, train new technical personnel, master new technologies, and improve team transportation efficiency and capabilities. At the same time, we update equipment, continue to cultivate maritime talents, improve the quality of the fleet and team, and maintain long-term sustainable competitive advantages.

### 2. Foreign wine import business

Due to the rapid growth of the whiskey market worldwide, it is proposed to increase the development of the new agent role for distilleries and new products. On wines, it is planned to add products from New World countries to meet consumer demand

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

### 1. Container transportation

We will continue to replace old traction vehicles with new ones to maintain the safety of customers' goods and drivers' operations. In terms of vehicles, we will continue to replace old ones with new ones and introduce new vehicles that are the safest and have the latest environmental protection standards. Only by continuously recruiting new people, cultivating talents, and optimizing employee salaries, benefits, and working environment can an enterprise with sustainable talents be sustainable.

To improve work efficiency and quality, we will continue promoting computerized operations, fully mobilize and computerize the dispatch system, and integrate it with the accounting system to streamline the operation process and improve work efficiency and quality.

### 2. Heavy machinery transportation and hoisting business

We will continue purchasing heavy machinery transportation equipment, and cooperates strategically with foreign heavy machinery manufacturers. In addition, we are seeking strategic alliances and cooperation with large domestic lifting companies to support each other, reduce competition, reduce the cost of lifting equipment, and increase profit margins.

We will continue training professional manpower, and improve professional service and competitiveness. In addition to strengthening business development with existing excellent equipment, the Company constantly monitors market demand, purchase equipment at appropriate times to meet market demand, and lease from abroad expensive machinery that is not frequently used to effectively control costs and strive for the maximum profit.

The integration of business, planning, and operations for the entire plant's heavy equipment and transportation and hoisting operations in power plants, petrochemical plants, steelmaking plants and offshore wind power plants can achieve a trinity synergy and effectively utilize technology as well as equipment performance and planning capabilities, and improve timeliness and profits, in order to strive for transportation and hoisting projects for major domestic construction, and enhance our ability to expand overseas business.

### 3. Foreign wine import business

#### (1) Short-term development plan

Continue to sell existing inventory, and eliminate products with slow profit and turnover.

#### (2) Long-term development plan

Deepen brand building and hold wine tasting and tasting parties as the long-term promotion direction.

## II. Market Overview and Production and Sales Status:

### (I) Market Analysis:

#### 1. Sales (supply) areas of key products (services)

Sales and supply areas	Service item
Domestic area	Container transportation Heavy machinery transportation and hoisting business Gas station business Foreign wine import business Other: warehousing and leasing businesses

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

##### (1) Container transportation

The number of containers is closely related to global trade in goods. Affected by the global economy, there are many uncertainties in the future and it is difficult to predict. However, the rigid demand for containerized goods (such as people's daily necessities) has always accounted for a relatively high proportion, so there is no need to be too pessimistic about the future. Although there are many truck container transportation companies, the number of medium and large-scale counterparts with good systems is limited, and each company has a certain market share. Not much should change in the short term. However, the economic downturn during this period will inevitably lead to the elimination of the weak and the survival of the strong. Therefore, as long as the company continues to optimize its efforts to attract and retain talent, develop carrying capacity, and maintain good customer relationships, the company's future growth and market share gains should be optimistic.

##### (2) Heavy machinery transportation and hoisting business

The government continues to promote a comprehensive "forward-looking infrastructure design plan" with the goal of formulating the country's long-term development needs for the next 30 years. Projects such as the Ankeng Line Light Rail, Kaohsiung Light Rail Phase 2, Taoyuan MRT Green Line, Kaohsiung MRT Gangshan Road Bamboo Extension Line, and the addition of the third terminal of the Airport MRT all involve heavy machinery for transportation and lifting. We continue to pay attention to business opportunities and actively promote related transportation projects.

In terms of the offshore power generation acceleration plan, we seek opportunities to cooperate with foreign wind turbine equipment manufacturers and hope to learn maritime engineering related technologies; we also cooperate with strategic alliances with domestic supply chain manufacturers, including steel structure manufacturers, ship manufacturers, professional Engineering Company, hoping to achieve common prosperity and win-win results.

The company also continues to track relevant plans of domestic private power plants and state-owned power companies, and seeks to cooperate with equipment manufacturers and contractors to promote construction opportunities.

### (3) Foreign wine import business

According to the alcohol consumption statistical report released by the Statistics Department of the Ministry of Economic Affairs (released in May 2023), Taiwan's alcohol consumption demand is huge. With Taiwan's accession to the WTO and the opening up of alcohol imports, domestic alcohol sales have dropped by nearly 20 percentage points in the past decade. It can be seen that the share of imported wine is increasing year by year; in terms of quantity, imported beer accounts for the majority; in terms of import value, whiskey imports have exceeded 10 billion ntd in recent years, ranking first among all types of alcohol. The Ministry of Economic Affairs stated that imported wine is actively expanding its market, starting from daytime channels such as supermarkets, mass merchandisers, and specialty stores, and entering nighttime markets such as nightclubs and bars, as people's income levels increase and their acceptance of high-priced wine increases, imported wine has gradually become an important core of my country's drinking culture. In August last year, according to export data for the first half of 2023 released by the Scotch Whiskey Association SWA, the Asia-Pacific region imported a total of 857 million pounds of whiskey, an increase of 13.5% over the same period last year, ranking first in the world. Taiwan, located in the Asia-Pacific, still "emphasizes quality over quantity", with import volume of 149 million pounds/approximately NT\$5.9 billion, an increase of 21.4% over the same period last year. Ranking the fourth largest exporter of Scotch whiskey in the world, this view is quite representative of Taiwan's whiskey market.

## 3. Competitive niche, favorable and unfavorable factors of development perspective and countermeasures

### (1) Container transportation

In terms of transportation, we continue to introduce the latest and best and maintain the best condition of equipment; in terms of talents, we continue to attract good talents and actively improve training performance; in terms of customer relations, we maintain good and long-term relationships; we establish long-term partnerships with suppliers and peers; Maintaining a certain proportion of external vehicles to make the carrying capacity more flexible; continuing to optimize the management system and introducing new technologies, especially information technology; actively pursuing sustainable development in ESG, these are our competitive niches , which is also a favorable condition for our development. Of course, there are also some unfavorable factors, such as price-cutting competition among peers. We have adapted our methods to avoid falling into price wars. Low prices and low profits will be detrimental to equipment improvement and talent attraction. Therefore, peers who can only cut prices and compete cannot continue to operate sustainably.

### (2) Heavy machinery transportation and hoisting business

We have extensive experience and capabilities in the transportation and lifting of heavy machinery. In addition to seeking cooperation with foreign technical installation companies, as long as the market continues to carry out major projects in the future, we will definitely be able to obtain considerable business opportunities.

In addition, domestic offshore wind power projects and infrastructure in emerging markets in Asia urgently require heavy-duty transportation services, which is also a future business opportunity for the company. The company will continue to expand new service areas and strengthen internal operations and management efficiency, hoping to achieve good results in the fiercely competitive environment.

#### A. Favorable factors:

- a. This department has the ability to execute major projects and special equipment with large carrying capacity, and can fully cooperate and meet customer needs. Among them, in addition to the hydraulic lifting racks with a carrying capacity of

2,820 tons, the special racks also have a tug-barge fleet combination of 3,200 tons, 1,200 tons, and 600 tons tugs and barges. Continue to purchase necessary heavy equipment and continuously improve service capabilities.

b. Sufficient experience in transportation and hoisting of heavy machinery:

The Company has many years of experience in cooperating with various transportation companies in Japan, Europe and the United States, and has drawn on their excellent professional knowledge; this, coupled with our cultivation of professional talents, makes the Company's professional ability stand out among its peers. In particular, we have gained valuable experience in more than a decade in transporting the petrochemical equipment of Formosa Plastics and China Petrochemical Development Corporation, as well as Taiwan Power's power plant equipment, electric locomotives, incinerators, rapid transit and high-speed rail projects.

c. Climate change and low-carbon transformation are the most severe economic and social challenges facing the world. The Taiwan government has actively transformed energy sources, increased investment in green energy, increased deductible carbon taxes, and therefore increased the export capacity of Taiwanese businesses. Sea & Land is still present in this wave of energy transformation, actively engaging in onshore transportation and assembly operations for offshore wind power generation, and purchasing large transportation barges to join the transportation team. In addition, we integrate transportation and installation industries to actively participate in large-scale loading and unloading work at commercial ports.

B. Unfavorable factors:

a. Lateral competition: Low-cost competition and equipment expansion of peers has increased the competitive pressure.

Countermeasures:

1. Improve business planning capabilities and effectively reduce unnecessary manpower. Improve the smoothness of machinery operation and application to reduce costs and increase profits.
2. Actively cultivate and make plans for talents to respond to future industrial shocks and possible transformation opportunities.
3. Strengthen the cultivation of professional abilities in heavy equipment transportation, installation and towing technology, and grasp the technological opportunities.
4. Strive for a one-stop process during business negotiations to increase work opportunities and profits.

b. Operational competition:

Due to globalization and the active export of technology and equipment from Asian countries, competitors from Europe, US, Japan, South Korea, mainland China and Taiwan all actively invest in engineering and construction. In the past, large-scale infrastructure projects in Southeast Asian countries were mostly obtained by Japanese and Korean businesses through technology transfer, with low profits made. In recent years, mainland China has actively invested in major infrastructure construction in Southeast Asian countries, and in addition to using technology, low-price bidding, low-interest loans or lending, Chinese companies obtain projects through the turnkey method of manpower export and incentives, making it difficult for other countries to compete. Under the policy of the Belt and Road Initiative in mainland China and the effect of the establishment of the Asian Infrastructure Investment Bank, domestic and foreign competitive pressures have increased sharply.

#### Countermeasures:

Strengthen cooperation opportunities and relationships with key contractors of major domestic projects, and increase opportunities and profits through strategic alliances. As the government advocates green energy, we actively participate in wind power generation and have planned dozens of wind farms on the west coast of Taiwan, and will erect hundreds of wind turbines at sea in the next decade or two. The Heavy Machinery Division continues to monitor market development, seeks future niches in peripheral businesses such as transportation vessels, onshore loading, unloading and warehousing, and actively seeks strategic alliances to strive for offshore cable laying, wind turbine installation and other opportunities.

At the same time, we will hold on to our existing advantages, and continue contacting relevant equipment manufacturers and cargo contractors to search for material construction information from the government in order to strive for major domestic construction opportunities.

In the foreign part, we actively seek domestic companies expanding their factories overseas to assist in equipment export, and strive for overseas equipment transportation and hoisting operations in cooperation with Japanese merchants who are deepening their basic engineering business in Southeast Asia.

#### (3) Foreign wine import business

##### A. Favorable factors:

- a. Huge consumption potential: In recent years, the market's "expectations" for whiskey have changed significantly. Many expensive, rare and collectible whiskeys are quite popular in Taiwan, and even the resale prices in the secondary market have increased again. The rise has attracted strong attention from the Scotch whiskey industry, recognizing Taiwan's huge consumption potential in high-end whiskey.
- b. Emphasis on quality over quantity: Recently, a new phenomenon has emerged in Taiwan's alcohol market. Various brands are committed to cultivating the loyalty of young people. As the young people grow older and improve their economic capabilities, they will be guided into higher price points and a purer realm of awakening culture.

##### B. Disadvantage factors:

The overall wine market has been significantly affected, including the epidemic and price increases in the past two years, which have led to hoarding of alcohol products and reduced market liquidity.

#### Countermeasures

Compared with Asian countries, Taiwan's whiskey market is relatively mature. Coupled with the trend of the younger generation with spending power who "do not pursue heavy drinking and prefer to taste whiskey in an aristocratic and creative way", a vibrant wine tasting and consumption industry has been redeveloped. It can be seen that the market is developing in a diversified manner, and only by actively developing wineries in various production areas and seeking to increase agency rights can we respond to changing market demands.

(II) Important applications and production processes of key products: Not applicable as the Company is in the service industry.

(III) Supply status of key raw materials: Not applicable as the Company is in the service industry.

(IV) Names of customers who accounted for more than 10% of the total purchase (sales) in any of the past two years, and the amount and proportion of their purchases (sales)

1. Customers accounting for more than 10% of the purchases in the income statement for 2023 and 2022: The customer whose purchases accounted for more than 10% of the purchases in the income statement was CPC Corporation, Taiwan, the main customer of the sales department (Oil and Gas Department).

Information on key suppliers in the past two years

Item	Name	Amount	Ratio to net annual purchases (%)	Relationship with the issuer	Name	Amount	Ratio to net annual purchases (%)	2022		2024 as of the previous quarter (Note 1)	
								Relationship with the issuer	Name	Amount	Ratio to net purchases of the current year as of the previous quarter (%)
1	A	179,083	11.71	None.	A	181,795	11.07	None.	K		
	Others	1,350,325	88.29		Others	1,461,026	88.93		Others		
	Net purchase	1,529,408	100.00		Net purchase	1,642,821	100.00		Net purchase		Not applicable

2. Customers accounting for more than 10% of the Company's sales revenue in the income statement for 2022 and 2023: None.
- Operating income in 2023 will decrease by NT\$154,266 thousand compared with 2022, Mainly affected by the general environment, the revenue of the container transportation department in 2023 will decrease by NT\$216,464 million compared with 2022
- \*\*Revenues in 2023 are lower than in 2022, mainly due to the impact of the wider environment in the transport sector.

Item	2023			2022			2024 as of the previous quarter(Note 1)				
	Name	Amount	Ratio to net annual sales (%)	Name	Amount	Ratio to net annual sales (%)	Relationship with the issuer	Name	Amount	Ratio to net sales of the current year as of the previous quarter (%)	Relationship with the issuer
Others	1,803,062	100.00		Others	1,957,328	100.00				F	
Operating revenue	1,803,062	100.00		Net sales	1,957,328	100.00		Others		Others	
								Net sales		Net sales	

Note 1:As of the date of printing of the annual report, if there is the most recent financial information audited, certified, or reviewed by CPAs of a company that is listed on the TSE or TPEx or whose shares have been traded at securities firms, disclose it as well.

(As of the date of printing of the annual report, The Company's financial information for the first quarter of 2024 has not yet been reviewed by CPAs)

(V) Production volume and value table for the past two years: Not applicable as the Company mainly provides “services.”

(VI) Production volume and value table for the past two years:

Unit: NT\$ thousand

Year	2023		2022	
	Value	%	Value	%
Freight income	832,175	47	1,048,552	54
Heavy machinery transportation and hoisting	565,705	31	451,524	23
Warehousing revenue	4,063	0	3,689	0
Sales revenue	342,190	19	408,205	21
Rental income	58,929	3	45,358	2
Total operating revenue	1,803,062	100	1,957,328	100

Note: 1. The sales volume of the Company's heavy machinery and inland container transportation, and warehousing related services cannot be quantified.

2. All the Company's revenue comes from domestic sales and there is no export sales.

III. Number of employees, average years of service, average age, and distribution of educational background for the past two years and up to the date of printing of the annual report:

Year		2023	2022	Current year as of April 30, 2024
Number of employees	Staff and technicians	166	165	158
	Drivers	121	122	119
	Total	287	287	277
Average age		48.91	49.02	49.12
Average years of service		11 years and 6 months	11 years and 3 months	12 years and 1 month
Distribution of educational background	PhD	0	0	0
	Master	1.05	1.39	1.08
	University and college	29.96	29.26	30.69
	Highschool	49.13	49.14	49.46
	Below high school	19.86	20.21	18.77

#### IV. Environmental expenditure information:

- (I) Total amount of losses and penalties due to environmental pollution in the past year and up to the date of the press: None.
- (II) Future countermeasures for losses due to environmental pollution: Not applicable.
- (III) Environmental protection expenditure and measures: The Company strictly implements various existing environmental protection and pollution prevention regulations, attaches importance to environmental cleaning and maintenance as well as vehicle maintenance and repair, and strengthens training to the staff (technicians, drivers, etc.) on environmental protection and pollution prevention to fulfill the environmental protection responsibilities. The specific measures are as follows:
  - 1. Site maintenance:
    - A. Dedicated persons are responsible for the cleaning and garbage removal of the parking lot.
    - B. When entering the site, vehicles are required to slow down and not honk the horn to generate noises.
    - C. Vehicle are cleaned by dedicated persons before departure.
    - D. Both waste tires and waste oil are recycled via the signing of contracts with the suppliers.
    - E. The office regularly promotes the concept of energy conservation and carbon reduction, and implements the energy-saving concept including turning off lights and recycling waste paper.
  - 2. Vehicle management and maintenance:
    - A. The Company's vehicles are traction vehicles imported from Europe, and all newly purchased vehicles comply with the latest environmental standards for tractor-trailers.
    - B. Each vehicle needs to return to the original factory or a legitimate manufacturer needs to be entrusted for regular maintenance and replacement of spare parts according to the number of kilometers specified by the original factory, and timely maintenance and repair is required to meet environmental standards.
    - C. Each business office of the Company has maintenance professionals conducting basic inspection and replacement work on vehicles' electrical appliances, wires, etc.
    - D. All vehicle fuels are from the Company's designated legal manufacturers and contracted gas stations to prevent poor quality and smoke pollution.
    - E. Each traction vehicle uses the R-134A refrigerant according to international environmental regulations for refrigerants.
    - F. Each vehicle engine is added with high-quality catalyst reducing agent to reduce smoke emission and enhance engine horsepower to meet environmental standards.
    - G. The vehicles in each business office of the Company comply with environmental standards, and are regularly managed independently each year for smoke detection application.

#### V. Labor Relations

- (I) Various employee welfare measures, further study, training, retirement systems and their implementation, as well as labor management agreements and various employee rights and interests protection measures:
  - 1. Employee welfare measures:
    - (1) An employee welfare committee is established a in accordance with the law to handle various welfare measures, such as year-end dinner party, three-festival welfare allowances every year, and subsidies for weddings, funerals and festivities.
    - (2) Labor insurance, employment insurance and national health insurance are purchased in accordance with the law, together with group accident insurance.
    - (3) An employee health check is held every year.

2. Further study and training:

The Company's plans and operating procedures for employees' further study and training are handled in accordance with relevant regulations and the Company's QP-13 "Employee Training Management Procedure."

Implementation of further study and training in 2023:

	Total number of people	Total number of hours	Amount
1. New employees	3	60	9,600
2. Professional capability training	13	155	67,900
3. Supervisor capability training	13	82	22,600
4. General training	132	1581	359,100

3. Retirement system and its implementation:

- (1) The Company has formulated a "Labor Pension Scheme" according to the Labor Standards Act and the Group Agreement.
- (2) The Company has established a labor pension reserve supervision committee.
- (3) According to the new and old retirement systems, pension reserves are allocated and deposited into the special pension account at the Bank of Taiwan or into the individual pension account at the Bureau of Labor Insurance.
- (4) Implementation status: There were two retirees in 2023, with pension expenditure of NT\$4,353,000

4. Other important agreements: None.

5. Employee rights and interests protection measures:

- (1) The Company has formulated various management rules in accordance with labor related laws and regulations as well as the Act of Gender Equality in Employment to protect the rights and interests of employees.
  - (2) In order to promote driving safety, the Company's vehicles are equipped with traffic recorders, and drivers who have not caused accidents or violated regulations are given appropriate rewards in accordance with the "Driving Safety Rewards and Punishments Measures." For those who maintain a safe driving record, a safety bonus is issued every six months as a reward.
- (II) For the most recent year and up to the date of printing of the annual report, disclose the losses incurred due to labor disputes, and the estimated amounts that may occur at present and in the future and countermeasures: The Company has been established for many years with good labor relations, and no significant labor disputes have occurred, so there is no estimate of the amount.

## VI. Infocomm security management:

(I) The Company has formulated the “Management Measures for Computerized Information System and Information Security” to standardize the information security risk management framework, information security policies, specific management plans, and resources invested in infocomm security management. The outline is as follows:

1. Division of functions and responsibilities of the IT Department.
2. System development and program modification control.
3. System document preparation control.
4. Program and data access control.
5. Data output and input control.
6. Data processing control.
7. Archive and equipment safety control.
8. Hardware and system software procurement, use, and maintenance control.
9. System recovery plan system and test procedure control.
10. Control of infocomm security inspections.
11. Operational control related to public information reporting.

In accordance with relevant management and control mechanisms, the Company has established a virus and hacker prevention mechanism and a backup environment for information equipment. Every year, we regularly conduct data security vulnerability scanning and autonomous network and computer equipment security audits in order to identify potential problems and implement vulnerability fixes in advance. In addition, internal auditors and computer auditors from a third-party accounting firm shall annually audit the control of infocomm security inspections in accordance with the audit plan, prepare an audit report, and report the implementation results to the board of directors.

Specific management plans:

- The host system and PCs are equipped with antivirus systems to monitor and check whether there are viruses in incoming and outgoing data.
- The computer system on the external Internet is equipped with a firewall system to monitor and prevent malicious attempts, theft and destruction of information systems by unknown individuals outside.
- Computer room access control is in place to prevent illegal intrusion, bringing in dangerous goods and illegally taking out items.
- An annual system disaster drill is conducted to ensure the integrity and availability of backup data.
- From time to time, the Company conducts internal and outsourced vendor asset safety audits, develops improvement measures for identified issues, and tracks improvements.
- The Company regularly conducts host vulnerability scanning. The Company pays attention to security vulnerability announcements, promptly fixes high-risk vulnerabilities, and irregularly evaluates and handles security vulnerability fixes for devices, system components, database systems and software.
- The email system is equipped with an antivirus system and email filtering mechanism to filter messages for viruses and spam.
- Employees can log in remotely only after being configured through SSL VPN and provided with an identification IP, account number and password information by the IT Department.
- Independent logical domains (such as DMZ, internal or external networks) are partitioned in the network service area, and we will develop, test and formally partition the operating environment to appropriately establish information security control measures for different operating environments.

(II) Losses arising from major infocomm security incidents in the last year up to the publication date of the annual report, possible impact and countermeasures; state the reasons if the losses cannot be reasonably estimated. : None.

## VII. Important Contracts:

Contract nature	Parties	Contract start and end dates	Main contents	Restrictive clauses
Equipment transportation contracts	CTCI	March 2021 – October 2024	Heavy equipment transportation, barge and temporary wharf works.	None.
Equipment transportation contracts	(Korea)Hyundai Engineering Co., Ltd. Taiwan Branch	June 2023 – June 2024	A. Transportation of heavy equipment of power plants.	None.
Equipment transportation contracts	JFE ENGINEERING CORPORATION TAIWAN BRANCH (JAPAN)	November 2023 – October 2024	A. Heavy equipment transportation projects.	None.

# Chapter 6 Financial Status Overview

## I. Condensed Balance Sheet and Comprehensive Income Statement for the Last 5 Years

### 1. Condensed Balance Sheets

#### (1) Condensed Consolidated Balance Sheet – IFRS-compliant

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 years (note 1)					Financial information for the year ending March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		639,260	798,267	1,265,532	692,073	679,653	
Property, plant and equipment (note 2)		1,464,754	1,228,684	1,183,065	1,392,898	1,440,576	
Intangible assets		101	279	342	134	406	
Other assets (note 2)		233,610	307,538	463,673	531,117	681,898	
Total assets		2,337,725	2,334,768	2,912,612	2,616,222	2,802,533	
Current liabilities	Before distribution	674,183	631,268	679,585	562,875	598,370	
	After distribution	680,217	730,042	1,005,661	675,255	Note4	
Non-current liabilities		451,853	406,944	285,969	241,800	294,637	
Total liabilities	Before distribution	1,126,036	1,038,212	965,554	804,675	893,007	
	After distribution	1,132,070	1,136,986	1,291,630	917,055	Note4	
Equity attributable to owners of parent		1,123,045	1,220,906	1,887,022	1,737,317	1,838,089	
Share capital		783,246	783,246	806,743	1,048,766	1,048,766	
Capital surplus		83,424	83,668	86,902	83,363	87,926	
Retained earnings	Before distribution	290,208	415,654	1,051,315	690,603	792,905	
	After distribution	290,208	313,832	486,595	585,726	Note4	
Other equity		(33,833)	(61,662)	(57,938)	(85,415)	(91,508)	
Treasury shares		—	—	—	—	—	
Non-controlling interests		88,644	75,650	60,036	74,230	71,437	
Total equity	Before distribution	1,211,689	1,296,556	1,947,058	1,811,547	1,909,526	
	After distribution	1,205,655	1,197,782	1,620,982	1,699,167	Note4	

Not applicable

- Note 1: The financial information above for the most recent two years has been audited and certified by CPAs.
- Note 2: The financial information above for the most recent two years has not been revalued.
- Note 3: As of the date of printing of the annual report, if there is the most recent financial information audited, certified, or reviewed by CPAs of a company that is listed on the TSWE or TPEx or whose shares have been traded at securities firms, disclose it as well.  
(As of the date of printing of the annual report, The Company's financial information for the first quarter of 2024 has not yet been reviewed by CPAs)
- Note 4: The earnings distribution plan for 2023 has not been submitted to the shareholders' meeting for resolution.
- Note 5: None of the financial information for the most recent two years has been notified by the competent authority to be restated.

(2) Condensed Individual Balance Sheet – IFRS-compliant

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 years (note 1)				
		2019	2020	2021	2022	2023
Current assets		467,760	508,720	1,090,267	485,453	439,947
Property, plant and equipment (note 2)		1,160,929	1,035,126	995,485	1,247,872	1,298,105
Intangible assets		101	279	342	134	406
Other assets (note 2)		526,847	618,469	710,371	720,627	871,510
Total assets		2,155,637	2,162,594	2,796,465	2,454,086	2,609,968
Current liabilities	Before distribution	605,961	553,446	627,886	481,646	483,451
	After distribution	605,961	631,771	950,583	586,523	note4
Non-current liabilities		426,631	388,242	281,557	235,123	288,428
Total liabilities	Before distribution	1,032,592	941,688	909,443	716,769	771,879
	After distribution	1,032,592	1,020,013	1,232,140	821,646	note4
Share capital		783,246	783,246	806,743	1,048,766	1,048,766
Capital surplus		83,424	83,668	86,902	83,363	87,926
Retained earnings	Before distribution	290,208	415,654	1,051,315	690,603	792,905
	After distribution	290,208	337,329	728,618	585,726	note4
Other equity		(33,833)	(61,662)	(57,938)	(85,415)	(91,508)
Treasury shares		—	—	—	—	—
Total equity	Before distribution	1,123,045	1,220,906	1,887,022	1,737,317	1,838,089
	After distribution	1,123,045	1,142,581	1,564,325	1,632,440	note4

Note 1: The financial information above for the most recent two years has been audited and certified by CPAs.

Note 2: The financial information above for the most recent two years has not been revalued.

Note 3: No IFRS individual financial statements was prepared for the financial information for the first quarter of 2023.

Note 4: The earnings distribution plan for 2022 has not been submitted to the shareholders' meeting for resolution.

Note 5: None of the financial information for the most recent two years has been notified by the competent authority to be restated.

## 2. Condensed Consolidated Income Statements

### (1) Condensed Consolidated Income Statement – IFRS-compliant

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 years (note 1)					Financial information for the year ending March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Operating revenue		1,608,024	1,747,301	1,988,088	1,957,328	1,803,062	Not applicable
Gross profit from operations		137,215	205,376	276,408	314,507	273,654	
Profit (loss) from operations		(9,737)	57,904	98,361	127,797	88,189	
Non-operating income and expenses		10,551	80,641	678,344	119,525	139,103	
Profit (loss) before tax		814	138,545	776,705	247,322	227,292	
Profit (loss) from continuing operations		814	138,545	776,705	247,322	227,292	
Loss from discontinued operations		0	0	0	0	0	
Profit (loss)		(8,126)	127,737	746,177	216,248	207,619	
Other comprehensive income (after tax)		(46)	(12,320)	3,731	(21,799)	(825)	
Total comprehensive income		(8,172)	115,417	749,908	194,449	206,794	
Profit attributable to owners of parent		(11,854)	111,220	742,592	198,504	202,909	
Profit attributable to non-controlling interests		3,728	16,517	3,585	17,744	4,710	
Total comprehensive income attributable to owners of parent		(11,900)	98,900	746,323	176,705	202,084	
Total comprehensive income attributable to non-controlling interests		3,728	16,517	3,585	17,744	4,710	
Earnings per share (NT\$)		(0.15)	1.42	7.08	1.89	1.93	

Note 1: The financial information above for the most recent two years has been audited and certified by CPAs.

Note 2: As of the date of printing of the annual report, if there is the most recent financial information audited, certified, or reviewed by CPAs of a company that is listed on the TSWE or TPEx or whose shares have been traded at securities firms, disclose it as well.

(As of the date of printing of the annual report, The Company's financial information for the first quarter of 2024 has not yet been reviewed by CPAs)

Note 3: There were no discontinued units in the years above.

Note 4: None of the financial information for the most recent two years has been notified by the competent authority to be self-corrected or restated.

(2) Condensed Individual Income Statement – IFRS-compliant

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 years (note 1)				
		2019	2020	2021	2022	2023
Operating revenue		1,430,475	1,572,502	1,821,991	1,725,599	1,627,886
Gross profit from operations		81,032	145,310	210,375	226,724	212,152
Profit (loss) from operations		(12,909)	44,157	70,644	94,795	70,435
Non-operating income and expenses		6,063	73,532	700,482	124,973	148,850
Profit (loss) before tax		(6,846)	117,689	771,126	219,768	219,285
Profit (loss) from continuing operations		(6,846)	117,689	771,126	219,768	219,285
Loss from discontinued operations		0	0	0	0-	0
Profit (loss)		(11,854)	111,220	742,592	198,504	202,909
Other comprehensive income (after tax)		(46)	(12,320)	3,731	(21,799)	(825)
Total comprehensive income		(11,900)	98,900	746,323	176,705	202,084
Earnings per share (NT\$)		(0.15)	1.42	7.08	1.89	1.93

Note 1: The financial information above for the most recent two years has been audited and certified by CPAs.

Note 2: No IFRS individual financial statements was prepared for the financial information for the first quarter of 2024.

Note 3: None of the financial information for the years above contains any discontinued departments.

Note 4: None of the financial information for the most recent two years has been notified by the competent authority to be restated.

3. Names of certifying CPAs and their audit opinions in the most recent five years

Year	CPA firm's name	CPAs' names	Audit opinions
2019	<b>PwC Taiwan</b>	Hsu, Ming-Chuan and Chih, Ping-Chiun	Unqualified opinions plus other matters
2020	<b>PwC Taiwan</b>	Hsu, Ming-Chuan and Chih, Ping-Chiun	Unqualified opinions plus other matters
2021	<b>PwC Taiwan</b>	Hsu, Ming-Chuan and Chih, Ping-Chiun	Unqualified opinions plus other matters
2022	<b>PwC Taiwan</b>	Hsu, Ming-Chuan and Chih, Ping-Chiun	Unqualified opinions plus other matters
2023	<b>PwC Taiwan</b>	Hsu, Ming-Chuan and Chih, Ping-Chiun	Unqualified opinions plus other matters

## II. Financial information analysis for the most recent 5 years

### (1) Financial information (consolidated) analysis for the most recent five years – IFRS compliant

Unit: NT\$ thousand

Item of analysis	Year	Financial information analysis for the most recent 5 years					As of March 31 of the current year (Note)	
		2019	2020	2021	2022	2023		
Financial structure(%)	Debt to asset ratio	48.17	44.47	33.15	30.76	31.86	Not applicable	
	Ratio of long-term funds to property, plant and equipment	106.00	130.86	181.62	142.30	148.67		
Solvency %	Current ratio	94.82	126.45	186.22	122.95	113.58	Not applicable	
	Quick ratio	69.19	98.64	166.19	98.44	75.05		
Business ability	Interest coverage ratio	1.08	15.21	117.59	50.67	42.93	Not applicable	
	Receivables turnover rate (times)	4.61	4.53	3.90	4.15	5.98		
Profitability	Average cash collection days	79.17	80.57	93.58	87.95	61.03	Not applicable	
	Inventory turnover rate (times)	1.84	1.67	2.33	3.62	1.89		
Cash flow	Payables turnover rate (times)	5.97	5.44	4.80	4.98	6.40	Not applicable	
	Average days of sales	198.36	218.56	156.65	100.82	193.12		
Leverage	Property, plant and equipment turnover rate (times)	1.16	1.30	1.65	1.52	1.27	Not applicable	
	Total asset turnover rate (times)	0.71	0.75	0.76	0.71	0.67		
Return on assets (%)								
(0.01) 5.80 28.64 7.97 7.82								
Return on equity (%)								
(0.67) 10.19 46.01 11.51 11.16								
Ratio of profit before tax to paid-in capital (%)								
0.10 17.69 96.28 23.58 21.67								
Profit ratio (%)								
(0.51) 7.31 37.53 11.05 11.51								
Earnings per share (NT\$)								
(0.15) 1.42 9.20 1.89 1.93								
Cash flow ratio (%)								
9.32 20.96 19.81 66.83 19.53								
Cash flow adequacy ratio (%)								
80.95 88.56 70.23 56.59 50.57								
Cash reinvestment ratio (%)								
2.11 5.46 1.24 1.86 0.15								
Leverage	Operating leverage	(40.82)	8.18	6.34	5.01	6.62	Not applicable	
	Financial leverage	0.50	1.20	1.07	1.04	1.07		

Note :As of the date of printing of the annual report, The Company's financial information for the first quarter of 2024 has not yet been reviewed by CPAs

Please explain the reasons for the changes in various financial ratios in the most recent two years (not required if the increase or decrease is less than 20%):

- (1) Quick ratio: The quick ratio was mainly due to the decrease in cash from the cash dividend of NTD\$104,877 thousand distributed by the Parent Company in 2023, and the purchase of special products by the subsidiary, Sea & Land Wine & Spirits, for a total amount of approximately NTD\$80,000 thousand due to the need of business strategy, which resulted in a decrease in current assets and an increase in inventory in 2023 as compared to that in 2022, resulting in a decrease in the quick ratio.
- (2) Accounts receivable turnover rate and average collection days: The main reason was that the Group's average accounts receivable decreased by NTD\$170,199 thousand in 2023 compared to 2022, and net sales decreased by NTD\$154,266 thousand in 2023 compared to 2022, resulting in an increase of 1.83 times in the accounts receivable turnover rate in 2023 compared to 2022, and a decrease in the average number of days to collect cash in 2023 compared to 2022.
- (3) Inventory turnover rate and average number of days of sales: Mainly due to the fact that the subsidiary Sea & Land Wine & Spirits purchased special edition products totaling approximately NT\$80,000 thousand for business strategy purposes., the inventory turnover rate decreased by 1.73 times in 2023 as compared with that of 2022, and the average number of days of sales increased accordingly.

- (4) Accounts payable turnover ratio: The Group's average accounts payable decreased by NT\$90,982 thousand in 2023 compared to 2022 and operating costs decreased by NT\$113,413 thousand in 2023 compared to 2022, resulting in an increase of 1.42 times in the accounts payable turnover ratio in 2023 compared to 2022.
- (5) Cash flow ratio: The Group's net cash flow from operating activities decreased by NT\$259,296 thousand in 2023 as compared to 2022 and current liabilities increased by NT\$35,493 thousand in 2023 as compared to 2022, resulting in a decrease in cash flow ratio of 47.30%.
- (6) Cash reinvestment ratio: The main reason was that the Group's operating income in 2023 decreased by NT\$39,608 thousand as compared to 2022, and the Group distributed cash dividends of NT\$112,380 thousand in 2023, which resulted in a decrease of 1.71% in the cash reinvestment ratio.
- (7) Operating leverage: The main reason was that the Group's revenue in 2023 decreased by NT\$154,266 thousand as compared to 2022, and the operating profit decreased by NT\$39,608 thousand, which resulted in an increase in operating leverage as compared to the same period last year.

(2) Financial information (individual) analysis for the most recent five years – IFRS compliant

Unit: NT\$ thousand

Item of analysis	Year	Financial information analysis for the most recent 5 years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to asset ratio	47.90	43.54	32.52	29.21	29.57
	Ratio of long-term funds to property, plant and equipment	124.35	146.75	209.81	152.89	159.48
Solvency %	Current ratio	77.19	91.92	173.64	100.79	91.00
	Quick ratio	75.77	84.16	164.69	91.69	82.70
	Interest coverage ratio	0.20	14.50	124.38	48.11	50.20
Business ability	Receivables turnover rate (times)	4.33	4.33	3.74	3.83	5.65
	Average cash collection days	84.00	84.00	97.00	95.00	64.00
	Inventory turnover rate (times)	71.04	47.12	59.76	69.05	83.37
	Payables turnover rate (times)	5.54	5.08	4.66	4.79	6.22
	Average days of sales	5.00	8.00	6.00	5.00	4.00
	Property, plant and equipment turnover rate (times)	1.32	1.43	1.79	1.54	1.28
	Total asset turnover rate (times)	0.70	0.73	0.73	0.66	0.64
Profitability	Return on assets (%)	(0.24)	5.47	30.15	7.70	8.15
	Return on equity (%)	(1.05)	9.49	47.79	10.95	11.35
	Percentage of paid-in capital (%)	Operating Income	(1.65)	5.64	8.76	9.04
	Profit Before Tax	(0.87)	15.03	95.59	20.95	20.91
	Profit ratio (%)	(0.83)	7.07	40.76	11.50	12.46
Cash flow	Earnings per share (NT\$)	(0.15)	1.42	9.20	1.89	1.93
	Cash flow ratio (%)	9.53	23.29	20.09	60.60	48.02
	Cash flow adequacy ratio (%)	83.36	94.81	73.92	53.68	58.24
Leverage	Cash reinvestment ratio (%)	2.42	5.97	1.74	(1.21)	4.62
	Operating leverage	(25.99)	9.31	7.83	5.78	7.31
	Financial leverage	0.60	1.25	1.10	1.05	1.07

Please explain the reasons for the changes in various financial ratios in the most recent two years (not required if the increase or decrease is less than 20%):

- (1) Accounts receivable turnover and average collection days: The average receivable in 2023 decreased by NT\$163,098 thousand and net sales in 2023 decreased by NT\$97,713 thousand compared with that in 2022, which resulted in the increase of accounts receivable turnover rate in 2023 by 1.83 times compared with that in 2022 and the decrease of average collection days.
- (2) Inventory turnover rate and average days of sales: The main reason was that the Company's average inventory in 2023 was NT\$440 thousand lower than that in 2022, and the cost of goods sold in 2023 was NT\$802 thousand lower than that in 2022, which resulted in an increase of 14.32 times in the inventory turnover rate of 2023 compared with that of 2022, and a decrease in the average number of days of sales as a result.
- (3) Accounts payable turnover ratio: The increase in accounts payable turnover ratio of 1.43 times was mainly due to the decrease in average accounts payable of NT\$85,139 thousand in 2023 compared to 2022 and the decrease in operating costs of NT\$83,141 thousand in 2023 compared to 2022.

- (4) Cash flow ratio: The cash flow ratio decreased by 12.58% mainly due to the decrease of NT\$59,725 thousand in net cash flow from operating activities in 2023 compared to 2022 and the increase of NT\$1,805 thousand in current liabilities in 2023 compared to 2022.
- (5) Cash reinvestment ratio: The cash reinvestment ratio increased in 2023 compared to 2022 mainly because the Company distributed cash dividends of NT\$322,697 thousand in 2022.
- (6) Operating leverage: The operating leverage of 2023 increased compared to the same period last year mainly due to the decrease in net sales of NT\$97,713 thousand in 2023 and the decrease in operating profit of NT\$24,360 thousand in 2023 compared to the same period in 2022.

## Formula for calculation

1. Financial structure
  - (1) Debt to asset ratio = total liabilities / total assets
  - (2) Ratio of long-term funds to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment
2. Solvency
  - (1) Current ratio = current assets / current liabilities.
  - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
  - (3) Interest coverage ratio = net income before income tax and interest expense / current interest expense
3. Business ability
  - (1) Receivables (including accounts receivable and notes receivable arising from operations) turnover rate = net sales / average balance of receivables (including accounts receivable and notes receivable arising from operations) for each period
  - (2) Average cash collection days = 365 / receivable turnover rate
  - (3) Inventory turnover rate = cost of goods sold / average inventory amount
  - (4) Payables (including accounts payable and notes payable arising from operations) turnover rate = cost of goods sold / average balance of payables (including accounts payable and notes payable arising from operations) for each period
  - (5) Average days of sales = 365 / inventory turnover rate
  - (6) Property, plant and equipment turnover rate = net sales / average net property, plant and equipment
  - (7) Total asset turnover rate = net sales / average total assets
4. Profitability
  - (1) Return on assets = [profit and loss after tax + interest expense  $\times$  (1 - tax rate)] / average total assets
  - (2) Return on shareholders' equity = profit or loss after tax / average net shareholders' equity
  - (3) Profit ratio = profit or loss after tax / net sales
  - (4) Earnings per share = (profit after tax-preference stock dividends) / weighted average number of issued shares
5. Cash flow
  - (1) Cash flow ratio = net cash flow from operating activities / current liabilities
  - (2) Net cash flow adequacy ratio = net cash flow from operating activities for the most recent five years / capital expenditure + inventory increase + cash dividends for the most recent five years
  - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross amount of property, plant and equipment + long-term investment + other assets + working capital)
6. Leverage:
  - (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating profit
  - (2) Financial leverage = operating profit / (operating profit - interest expense).

## **Review Report of the Audit Committee, Sea & Land Integrated Corp.**

The Company's Board of Directors prepared and submitted the business report, financial statements, consolidated financial statements and earnings distribution proposal for 2023. The financial statements and consolidated financial statements were already audited and certified by CPAs Hsu, Ming-Chuan and Gary Chih of PwC Taiwan, and an Independent Auditor's Report was issued accordingly.

The above-mentioned books and statements from the Board of Directors have been reviewed by the Audit Committee, with no discrepancy detected. Therefore, this report is issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act; kindly review and approve.

To

2024 General Shareholders' Meeting, Sea & Land Integrated Corp.

The Audit Committee  
Convener: Tung, Young-Cheng

March 12, 2024

- IV. Recent annual financial statements: Please refer to pages 114–280 for details.
- V. Individual financial report audited and certified by CPAs for the most recent year: Please refer to pages 114–198 for details.
- VI. Financial difficulties experienced by the Company and its affiliated enterprises for the most recent year and up to the date of printing of the annual report, and the impact on the financial situation of the Company: None.

## Chapter 7 Review of Financial Conditions, Operating Results, and Risk Management

I. Financial status: The main reasons for significant changes in assets, liabilities and shareholders' equity in the past two years and their impact. If the impact is significant, future countermeasures should be explained:

Item	Year	2023	2022	Difference		Change analysis
				Amount	%	
Current assets		679,653	692,073	(12,420)	(1.79)	
Capital and investment		461,552	333,081	128,471	38.57	1
Fixed assets		1,440,576	1,392,898	47,678	3.42	
Intangible assets		406	134	272	202.99	
Other assets		220,346	198,036	22,310	11.27	
Total assets		2,802,533	2,616,222	186,311	7.12	
Current liabilities		598,370	562,875	35,495	6.31	
Long-term liabilities		232,140	170,583	61,557	36.09	2
Other liabilities		62,497	71,217	(8,720)	(12.24)	
Preparations		0	0	0	0.00	
Total liabilities		893,007	804,675	88,332	10.98	
Share capital		1,048,766	1,048,766	0	0.00	
Capital surplus		87,926	83,363	4,563	5.47	
Retained earnings		792,905	690,603	102,302	14.81	
Unrealized gains and losses on financial products		(61,687)	(58,471)	(3,216)	5.50	
Cumulative translation adjustment		(29,821)	(26,944)	(2,877)	10.68	
Unrecognized net loss on retirement benefits		0	0	0	0.00	
Unrealized revaluation appreciation		0	0	0	0.00	
Total shareholders' equity		1,909,526	1,811,547	97,979	5.41	

Description of change in increase/decrease ratio: Only those with an increase/decrease ratio of 20% and a change amount exceeding NT\$10,000 thousand are analyzed.

1. Funds and investments: An increase of NT\$128,471 thousand in 2023 compared with 2022, mainly due to the recognition of investment income of NT\$113,406 thousand using the equity method in 2023 and the increase in investments using the equity method of NT\$52,172 thousand.

2. Long-term liabilities: 2023 increased by NT\$61,557 thousand yuan compared with 2022, mainly due to the parent company's increase in long-term borrowings of NT\$61,561 thousand yuan due to operational needs

II. Financial performance: The main reasons for significant changes in operating revenue, operating net income, and pre-tax net income in the most recent two years, as well as the expected sales volume and its basis, the possible impact on the Company's future financial operations, and countermeasures:

(I) Financial Performance Analysis:

Item	Year	2023	2022	Difference	
		Amount	Amount	Amount	%
Total operating revenue		1,803,062	1,957,328	(154,266)	(7.88)
Less: Sales returns and discounts		0	0	0	0.00
Total operating revenue		1,803,062	1,957,328	(154,266)	(7.88)
Operating costs		1,529,408	1,642,821	(113,413)	(6.90)
Gross profit from operations		273,654	314,507	(40,853)	(12.99)
Operating expenses		185,465	186,710	(1,245)	(0.67)
Net operating profit (loss)		88,189	127,797	(39,608)	(30.99)
Total non-operating income and expenses		139,103	119,525	19,578	16.38
Net operating profit (loss) before tax		227,292	247,322	(20,030)	(8.10)
Income tax expense (benefit)		19,673	31,074	(11,401)	(36.69)
Profit (loss)		207,619	216,248	(8,629)	(3.99)

Note: Excluding realized (unrealized) sales benefits with affiliated companies.

Description of change in increase/decrease ratio: Only those with an increase/decrease ratio of 20% and a change amount exceeding NT\$10,000 thousand are analyzed.

1. Reasons for the decrease in operating profit and income tax expense.

The operating net profit in 2023 decreased by 30.99% compared with that in 2022, mainly due to the decrease in operating income in 2023 by NT\$154,266 thousand yuan compared with the same period last year (due to the impact of the general environment, the revenue of the parent company's transportation department in 2023 decreased by NT\$216,413 thousand yuan compared with the same period last year, resulting in a gross profit margin decrease of 3.12% compared with the same period last year). In addition, the operating income of the subsidiary Land and Ocean Bank decreased by NT\$65,084 thousand yuan compared with the same period last year, causing the gross profit margin to decrease by 4.05% compared with the same period last year.), combined with the above, the gross profit in 2023 decreased by NT\$40,853 thousand yuan compared with 2022, and the operating profit decreased by NT\$39,608 thousand yuan. At the same time, the income tax decreased compared with the same period last year.

## (II) Expected sales volume and basis

The company's main business projects include: container transportation business, heavy machinery transportation and hoisting business, and foreign wine import, which are summarized as follows:

### 1. Container transportation business:

This business item still accounts for the largest proportion of the overall turnover. Since this business is closely dependent on the overall economy, global demand will decrease due to inventory depletion and inflation in the first half of 2024, and cargo carrying capacity will be weak. It is expected that supply and demand will recover in the second half of the year. With normalization and inflation slowing down, the container shipping business still has a chance to maintain its carrying capacity.

### 2. Heavy machinery transportation and hoisting business:

The main businesses that Heavy Machinery has acquired in 2024 are as follows:

Kwun Tong Petro China Natural Gas External Terminal Equipment Transportation Project, Xingda Power Plant unit heavy-duty barge transportation, Xintao Power Plant transportation project, MRT Sanying Line, Senba Power Plant Phase II imported equipment transportation, National Railway Museum carriage handling case, barge rental, etc.

### 3. Foreign wine import business:

After years of hard work, the company has developed a variety of products. Through sales channels across the province, the company maintains its original best-selling products, increases repurchase rates, builds consumer confidence, and continues to develop new products to expand the market.

## (III) Possible impact on the Company's future financial operations and countermeasures

1. The Transportation and Warehousing Division, facing the impact of Chinese peer competition and oil price fluctuations, uses vehicle dispatch computerization to improve efficiency, and adopts a business strategy of increasing revenue and reducing costs to maintain the stable operation of the container department, and strive for new routes for other shipping companies.
2. The Company has excellent experience and ability in heavy machinery transportation and hoisting, and continuously replaces the old with new tugboat fleets for business opportunities from major engineering needs.

Over the years, the Company has experienced multiple tests of global economic downturn and competition among peers, and is well aware of the importance of strategic application. The business department continues strengthening internally to enhance its competitiveness.

III. Cash flow: Analysis and explanation of changes in cash flow in the most recent year, improvement plan for liquidity deficiency, and analysis of cash liquidity for the next year

(I) Analysis of changes in liquidity in the most recent year:

Item	Year	2022	2021	Increase (decrease) ratio
Cash flow ratio (%)		19.53	66.83	-70.78%
Cash flow adequacy ratio (%)		50.57	56.59	-10.64%
Cash reinvestment ratio (%)		0.15	1.86	-91.94%

Cash flow ratio: This is mainly due to the fact that the Group's net cash flow from operating activities in 2023 decreased by NT\$259,296 thousand yuan compared with 2022 and current liabilities in 2023 increased by NT\$35,493 thousand yuan compared with 2022, resulting in a decrease in the cash flow ratio in 2023 compared with 2022.

Cash reinvestment ratio: Mainly due to the Group's 2023 operating profit decreasing by 39,608 thousand yuan compared with 2022, and the distribution of cash dividends in 2023 of NT\$112,380 thousand yuan, resulting in a decrease in the cash reinvestment ratio in 2023 compared with 2022.

(II) Improvement plan for insufficient liquidity: adjust financial structure, review low-profit businesses, reduce expenditures, and actively create sources of profit.

(III) Analysis of cash liquidity for the next year

Opening cash balance (1)	Estimated annual net cash flow from operating activities (2)	Estimated annual cash inflow (outflow) excluding those from operating activities (3)	Estimated remaining (insufficient) amount of cash (1)+(2)+(3)	Remedies for estimated cash shortfall	
				Investment plan	Wealth management plan
78,570	25,815	(56,340)	48,045	None.	None.

Analysis of cash flow changes in the next year:

Operating activities: Market demand was weak in the first half of the year, supply and demand should return to normal in the second half of the year, and changes in cash flow from operating activities throughout the year should be able to maintain a balance.

Investment activities: Continue to replace old transportation equipment with new ones.

Financing activities: There is no cash shortage and no financing activities planned in the next year.

IV. The impact of major capital expenditures in recent years on financial operations:

- (I) Application of major capital expenditures and sources of funds: The company is in the transportation industry, and major capital expenditures are the replacement of old transportation equipment with new ones. Part of the funds are from applying for medium- and long-term bank financing.
- (II) Expected benefits: Replacing old transportation equipment with new ones can ensure transportation safety and improve equipment efficiency, such as reducing fuel consumption and maintenance costs. Transportation safety is the most important indicator in the transportation industry. Our company's tractor-trailer procurement complies with the latest environmental standards, reducing carbon emissions and reducing air pollution.

- V. The most recent annual reinvestment policy, the main reasons for its profits or losses, improvement plans and investment plans for the next year:

The company's reinvestment policy focuses on those related to the business of the company or its subsidiaries, and investment plans will be reported in a timely manner based on actual needs. In recent years, it has invested in related enterprises, and its main business is the transportation and hoisting of heavy machinery. The main reason for making profits is: cooperating with the government's policy of developing green energy power generation - offshore wind power... and other transportation projects, which have made a lot of contributions to the company. In the coming year, we will continue to invest in capital increase plans for affiliated companies.

VI. Analysis and evaluation of risks:

- (I) Impact of interest rate and exchange rate changes and inflation on the Company's profit or loss and countermeasures in the future:

i. Impact on the Company's profit and loss:

Item	2023 (NT\$ thousand; %)
Net interest income and expenditure	4,134
Net exchange gains and losses	-1,180
Ratio of net interest income and expenditure to net revenue	0.23%
Ratio of net interest income and expenditure to profit before tax	1.82%
Ratio of net exchange gains and losses to net revenue	-0.07%
Ratio of net exchange gains and losses to profit before tax	-0.52%

(1) Interest rate fluctuations

The company's cash flow risk with interest rate changes in the most recent year is medium and long-term borrowings: The balance is 232,140 thousand yuan. If the market interest rate changes, the effective interest rate will change accordingly. If the market interest rate increases by 1%, the company's annual expenses will increase by approximately NT\$2,321 thousand yuan.

(2) Exchange rate fluctuations

The company's main source of profit is the domestic demand industry, with a small foreign currency position, and exchange rate fluctuations have little impact on profits and losses.

(3) Inflation

The company belongs to the transportation industry, and transportation equipment procurement costs and labor salaries increase with inflation.

ii. Future countermeasures:

- (1) Countermeasures for fluctuations in interest rates: Adjust the financial structure, actively create sources of profit, and reduce borrowing.
- (2) Countermeasures for exchange rate fluctuations: As the Company mainly relies on domestic industrial demand, there is no large foreign currency demand.
- (3) Countermeasures for inflation: Moderately increase freight rates in response to the market demand and supply situation.

- (II) Policies for high-risk and high-leverage investment, lending to others, endorsements and guarantees and derivative transactions, main reasons for profit or loss and countermeasures in the future:  
The Company adopts a conservative financial operating policy, and has not engaged in high-risk or high-leverage investments as of the end of 2023. All the loan extensions and endorsements, and guarantees are required by reinvestment businesses. Derivative financial products are all for substantive trading purposes.
- (III) Future research and development plans and expected investment in research and development costs: Currently, there are no major research and development plans.
- (IV) The impact of significant domestic and foreign policy and law changes on the Company's financial operations and countermeasures: No significant impact.
- (V) The impact of technological and industrial changes on the Company's financial operations and countermeasures: No significant impact.
- (VI) The impact of corporate image change on corporate crisis management and countermeasures: No significant impact.
- (VII) The expected benefits, possible risks, and countermeasures of mergers and acquisitions: The Company has not conducted any mergers or acquisitions.
- (VIII) Expected benefits, possible risks, and countermeasures for expanding the factory building: In response to the actual needs of the associates companies, the new office and maintenance plant in the Kaohsiung branch can generate income from real estate rental, and can also enhance cooperation between the two parties and create win-win benefits. The base is the company's own land, with low early acquisition costs and low possible risks.
- (IX) Risks faced by centralized purchase or sales and countermeasures: The Company's main revenue comes from container transportation and heavy machinery hoisting and transportation services, but the customers and projects are scattered; therefore, there is no risk of centralized purchase or sales.
- (X) The impact, risks and countermeasures for significant transfer or replacement of shares by directors, supervisors or major shareholders with a shareholding ratio of more than 10%: None.
- (XI) The impact, risks, and countermeasures for the change in management rights of the Company: There has been no change in the Company's management rights.
- (XII) For litigation or non-litigation events, include the significant litigation, non-litigation, or administrative disputes that have been adjudicated or are still pending which involve the Company or its directors, supervisors, President substantive responsible persons, major shareholders with a shareholding ratio of more than 10%, and affiliated companies, and the outcome of which may have a significant impact on shareholders' equity or securities prices, disclose the facts in dispute, the amount of the subject matter, the date of commencement of the litigation, the main parties involved in the lawsuit, and the handling status as of the printing date of the annual report: None.
- (XIII) Other key risks and countermeasures: None.

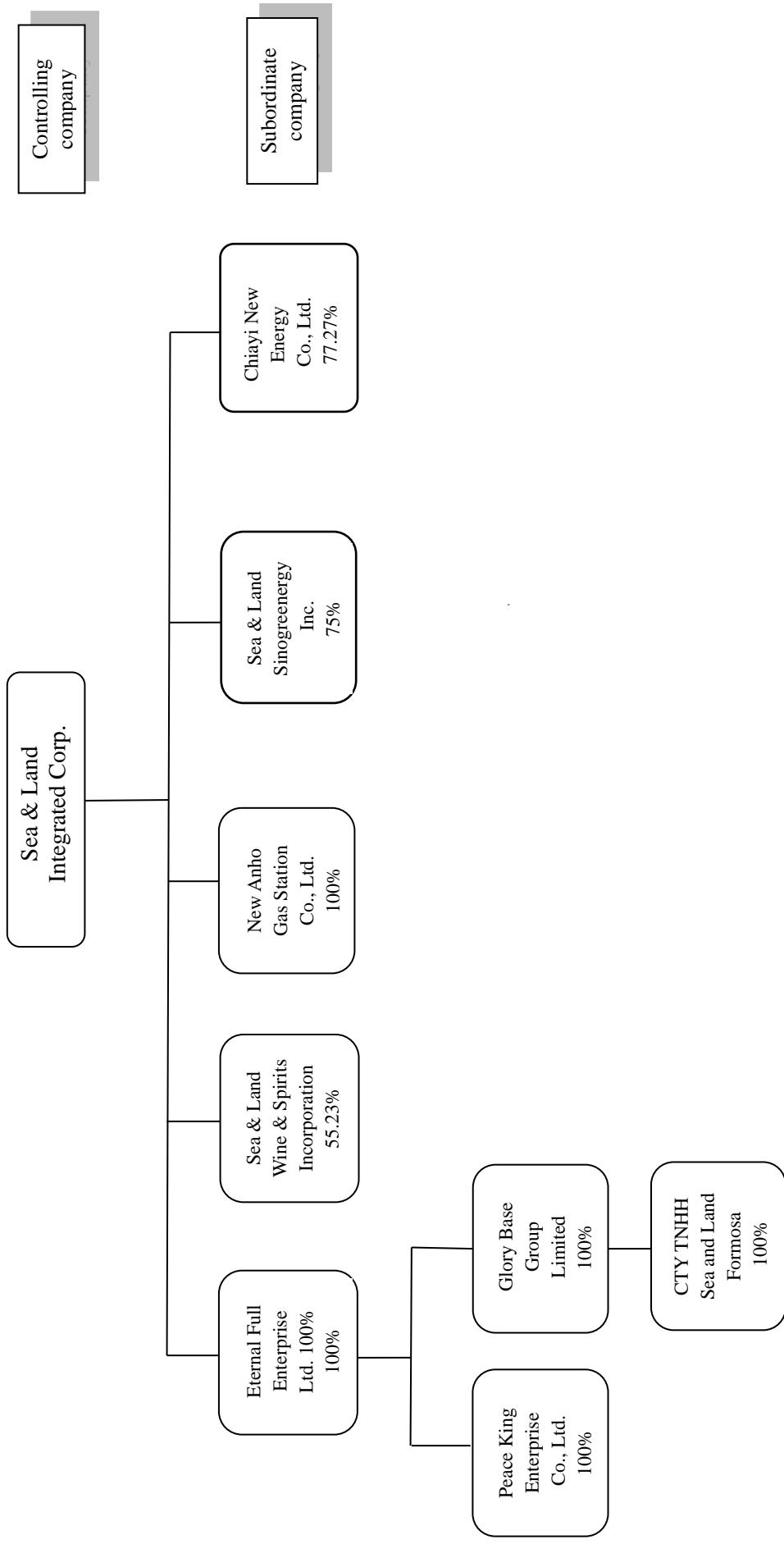
VII. Other important matters: None.

# Chapter 8 Special Notes

## I. Information of Affiliated Enterprises:

### (I) Organization chart of affiliated enterprises

As of December 31, 2023



(II) Basic information of affiliated enterprises

December 31, 2023  
Unit: NT\$ thousand

Company name	Date of establishment	Address	Paid-in capital	Key businesses or products
Eternal Full Enterprise Ltd.	November 7, 2008	No.4, Franky Building, Providence Industrial Estate, Mahe, Seychelles.	225,717	Professional investment company
Sea & Land Wine & Spirits Incorporation	September 30, 1997	Floor 11-1, No. 33, Section 2, Roosevelt Road, Taipei	100,000	Import and export of foreign wine and food
New Anho Gas Station Co., Ltd.	February 20, 1998	No. 37, Section 3, Anhe Road, Xindian District, New Taipei City	78,000	Real estate leasing
Sea & Land Sinogreenergy Inc.	June 4, 2010	13th Floor, No. 99 Fuhsing North Road, Songshan District, Taipei	21,379	Non-public power generation and energy technology services
Chiayi New Energy Co., Ltd.	February 3, 2016	Floor 13-1, No. 99 Fuhsing North Road, Songshan District, Taipei	25,300	Renewable energy power generation equipment
Peace King Enterprise Co., Ltd.	November 12, 2007	No.4, Franky Building, Providence Industrial Estate, Mahe, Seychelles.	46,649	Rental of transportation and lifting equipment
Glory Base Group Limited	January 31, 2008	No.4, Franky Building, Providence Industrial Estate, Mahe, Seychelles.	158,617	Lifting engineering contracting, planning, etc
CTY TNHH Sea and Land Formosa	July 21, 2009	Meichun A2, Xincheng County, Batitungton Province, Vietnam Industrial Zone Lot No. XI – 3	148,752	Design of transportation and lifting equipment manufacturing and installation engineering

(III) Overview of the relationship between the subordinate and the controlling company: The Company is not a subordinate of another company or has a controlling relationship.

(IV) Business scope of all affiliated enterprises: including leasing of cranes and stackers, contracting and planning of lifting projects, international trade, solar power generation and foreign wine trading.

(V) Information on directors, supervisors and presidents of affiliated enterprises:

December 31, 2023

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Eternal Full Enterprise Ltd.	Principal	Ho, Ying-Chin (representative of Sea & Land)	0	100.00
Sea & Land Wine & Spirits Incorporation	Chairman	Ho, Ying-Chin (representative of Sea & Land)	5,523,079	55.23
	Director	Chien, Chung-Jung	76,923	0.77
	Director (and President)	Hung, Keng-Shu	1,515,382	15.15
	Director	Lo, Chuan-Te	1,115,384	11.15
	Director	Lin, Pei-Yu	153,847	1.54
	Supervisor	Li, Hsin-Yuan	153,847	1.54
New Anho Gas Station Co., Ltd.	Chairman	Tu, Tien-Lin (representative of Sea & Land)	7,800,000	100.00
Sea & Land Sinogreenergy Inc.	Chairman	Ho, Ying-Chin (representative of Sea & Land)	1,603,453	75.00
	Director	Chien, Chung-Jung	-	0
	Director	Wang, Hsiu-Chun (representative of Sea & Land Sinogreenergy Inc.)	534,484	25.00
	Supervisor	Li, Cheng-Hsiung	-	0
Chiayi New Energy Co., Ltd.	Chairman	Ho, Ying-Chin (representative of Sea & Land)	1,955,000	77.27
	Director	Li, Yin Hsueh (representative of Sea & Land)	1,955,000	77.27
	Director	Hu, Yu-Hui (representative of Sea & Land)	1,955,000	77.27
	Supervisor	Lien, Chin-Chih	0	0
Peace King Enterprise Co., Ltd	Chairman	Ho, Ying-Chin (representative of Eternal)	0	100.00
Glory Base Group Limited	Principal	Ho, Ying-Chin (representative of Eternal)	0	100.00
CTY TNHH Sea and Land Formosa	Principal	Ho, Ying-Chin (representative of Glory Base)	0	100.00

\* Representative of Peace King: Chen, Chi-Tsun retired on December 31, 2022, and the representative was changed to Ho, Ying-Chin on January 06, 2023.

(VI) Overview of the operations of affiliated enterprises:

December 31, 2023 Unit: NT\$ thousand

Company name	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Profit (loss) from operations	Current profit and loss after tax	Earnings per share (NT\$) after tax
Eternal Full Enterprise Ltd.	225,717	122,135	0	122,135	0	7,243	7,275	0.32
New Anho Gas Station Co., Ltd.	78,000	91,138	161	90,977	831	207	219	0.03
Sea & Land Wine & Spirits Incorporation	100,000	247,395	113,886	133,509	149,511	12,074	12,085	1.21
Sea & Land Sinogreenergy Inc.	21,379	21,030	169	20,861	0	(2,714)	(2,162)	(1.01)
Peace King Enterprise Co., Ltd.	46,649	31,203	811	30,392	0	(63)	218	0.05
Glory Base Group Limited	158,617	89,553	0	89,553	0	7,065	7,067	0.45
TY TNHH Sea and Land Formosa	148,752	125,593	36,627	88,966	25,666	8,243	7,107	0.48
Chiayi New Energy Co., Ltd.	25,300	18,026	135	17,891	1,028	(713)	(701)	(0.28)

(VII) Consolidated Financial Statements of Affiliated Enterprises: Please refer to page 199-280.

(VIII) Statement of Consistency between the Consolidated Financial Statements and the Consolidated Financial Statements of Affiliated Enterprises: Please refer to page 199.

(IX) Affiliated Enterprise Report: None.

- II. Status of private placement of securities for the most recent year and up to the printing date of the annual report: None.
- III. Status of subsidiaries' holdings or disposals of the Company's shares in the most recent year and up to the printing date of the annual report: None.
- IV. Other necessary supplementary notes: None.
- V. During the most recent fiscal year and up to the date of printing of the annual report, whether there have been events that have a significant impact on shareholders' equity or securities prices as prescribed in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act: None.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Sea & Land Integrated Corp.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Sea & Land Integrated Corp. (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, based on our audits and the reports of other auditors (please refer to the *Other matter* section), 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:

### **Machinery transportation and hoisting revenue recognition - assessment on the stage of completion**

#### Description

The Company's machinery transportation and hoisting revenue amounted to NT\$565,705 thousand, constituting 34.75% of operating revenue for the year ended December 31, 2023. Refer to Note 4(25) for the accounting policy on revenue recognition; Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to revenue recognition and Note 6(16) for details.

The Company's heavy machinery transportation and hoisting revenue is calculated by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. The stage of completion of a construction contract is measured by the proportion of contract costs incurred for the construction performed as of the financial reporting date to the estimated total costs for the construction contract. The aforementioned estimated total costs are assessed based on the estimated construction projects, which are planned for the heavy machinery transportation and hoisting services engaged by the client, and the price fluctuations in the market to estimate the costs for each construction activity such as estimated subcontract charges and material and labour expenses.

Given that the estimate of total cost affects the stage of completion and the recognition of revenue, and the complexity of aforementioned total cost estimation usually

involves subjective judgement and contains a high degree of uncertainty, we consider the assessment on the stage of completion applied on revenue recognition a key audit matter.

#### How our audit addressed the matter

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

1. Obtained an understanding on the nature of the Company's business and industry, and assessed the consistency of the estimate method and the internal process applied to estimate total cost, including the process for estimating the costs for each construction project (subcontract charges and material and labour expenses) that is planned for the heavy machinery transportation and hoisting services engaged by the client.
2. Assessed and tested the internal controls used by the management to recognise revenue based on the stage of completion, including checking the supporting documents of additional or reduced constructions and significant constructions performed in the period.
3. Performed onsite observations of or inquired into major construction projects still in progress at the year end.
4. Performed substantive procedures relating to the year-end construction profit or loss statement, including sampling and verifying the costs incurred in the period against the appropriate evidence, verifying the additional or reduced constructions in the period against the supporting documents and recalculating and confirming that construction revenue calculated based on the stage of completion had been accounted for appropriately.

### **Impairment assessment of accounts receivable**

#### Description

The Company's net accounts receivable amounted to NT\$216,314 thousand, constituting 8.29% of total assets as at December 31, 2023. Refer to Notes 4(8) and (9) for accounting policies, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to accounts receivable, and Note 6(4) for details.

The Company manages the collections of accounts receivable and overdue accounts and takes on relevant credit risk. The management periodically assesses the credit quality and collection status of customers, and adjusts the credit policies for customers in due course. In addition, impairment assessment of accounts receivable was implemented in accordance with IFRS 9 using the simplified approach to estimate expected credit losses. The management uses the ageing of receivables as of the balance sheet date and the payment history of an individual customer, financial position and economic situation of the customer and many other factors that would affect the payment ability of the customer as well as includes the forward-looking information to assess the default possibility of accounts receivable.

Given that the amount of accounts receivable was material, and the determination of loss rates was subjected to the management's judgement, we consider the estimates of expected credit losses on accounts receivable a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the Company's credit quality control policy in order to evaluate the reasonableness of the Company's expected credit loss provision policies and procedures on accounts receivable.
2. Assessed the appropriateness of provision rate of allowance for accounts receivable through referring to historical loss rate and taking into consideration the forecastability, and obtained and examined relevant data provided by the management.
3. Tested changes in the ageing of accounts receivable and checked the supporting documents relating to due dates of accounts receivable to ascertain the accuracy of the classification for accounts receivable aging.
4. Identified the reasons of past due accounts, examined the subsequent collections and discussed the adequacy of expected credit loss provision policies with the management, in particular for accounts receivable that are overdue and material.

### ***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain investments accounted for using the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates and the information disclosed in Note 13, is based solely on the reports of the other auditors. The balance of these investments accounted for using the equity method amounted to NT\$104,481 thousand and NT\$105,150 thousand, constituting 4.00% and 4.28% of total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income (loss) recognised from associates and joint ventures accounted for using the equity method amounted to NT(\$625) thousand and NT(\$721) thousand, constituting (0.31%) and (0.41%) of total comprehensive income for the years then ended, respectively.

### ***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.

Hsu, Ming-Chuan

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 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.

**SEA & LAND INTEGRATED CORP.**  
**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	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 79,090	3	\$ 83,392	3
1120	Financial assets at fair value through other comprehensive income - current	6(2)			17,220	1
1136	Financial assets at amortised cost - current	6(3)			32,567	1
1140	Contract assets - current	6(16)			31,424	1
1150	Notes receivable, net	6(4)			20,340	1
1160	Notes receivable - related parties	7			2,637	-
1170	Accounts receivable, net	6(4)			215,930	8
1180	Accounts receivable - related parties	7			384	-
130X	Inventories				1,861	-
1410	Prepayments				37,795	2
1470	Other current assets				699	-
11XX	<b>Total current assets</b>				<b>439,947</b>	<b>17</b>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)			79,762	3
1550	Investments accounted for using equity method	6(5)			698,058	27
1600	Property, plant and equipment	6(6) and 8			1,298,105	50
1755	Right-of-use assets	6(7) and 7			18,202	1
1780	Intangible assets				406	-
1840	Deferred income tax assets	6(6)			9,544	-
1900	Other non-current assets	7 and 8			65,944	2
15XX	<b>Total non-current assets</b>				<b>2,170,021</b>	<b>83</b>
1XXX	<b>Total assets</b>		\$ 2,609,968	100	\$ 2,454,086	100

(Continued)

**SEA & LAND INTEGRATED CORP.**  
**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	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(9) and 8	\$ 120,000	5	\$ 50,000	2
2130	Contract liabilities - current	6(16)	5,000	-	-	-
2150	Notes payable		107,193	4	108,773	4
2160	Notes payable - related parties	7	20,940	1	20,926	1
2170	Accounts payable		81,387	3	93,561	4
2180	Accounts payable - related parties	7	7,487	-	14,810	1
2200	Other payables	6(10)	79,943	3	79,810	3
2220	Other payables - related parties	7	385	-	400	-
2230	Current income tax liabilities		6,255	-	12,492	1
2280	Lease liabilities - current	6(7) and 7	9,448	1	10,685	-
2320	Long-term liabilities, current portion	6(11) and 8	43,840	2	88,875	4
2399	Other current liabilities, others		1,573	-	1,314	-
21XX	<b>Total current liabilities</b>		<b>483,451</b>	<b>19</b>	<b>481,646</b>	<b>20</b>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(11) and 8	232,140	9	170,583	7
2570	Deferred income tax liabilities	6(6)	35,723	1	35,285	1
2580	Lease liabilities- non-current	6(7) and 7	9,152	-	15,481	1
2600	Other non-current liabilities	6(12)	11,413	1	13,774	-
25XX	<b>Total non-current liabilities</b>		<b>288,428</b>	<b>11</b>	<b>235,123</b>	<b>9</b>
2XXX	<b>Total liabilities</b>		<b>771,879</b>	<b>30</b>	<b>716,769</b>	<b>29</b>
<b>Equity</b>						
	Share capital	6(13)				
3110	Common stock		1,048,766	40	1,048,766	43
	Capital surplus	6(14)				
3200	Capital surplus		87,926	3	83,363	3
	Retained earnings	6(15)				
3310	Legal reserve		238,556	9	218,155	9
3320	Special reserve		85,415	3	66,693	3
3350	Unappropriated retained earnings		468,934	18	405,755	16
	Other equity interest					
3400	Other equity interest		( 91,508 )	( 3 )	( 85,415 )	( 3 )
3XXX	<b>Total equity</b>		<b>1,838,089</b>	<b>70</b>	<b>1,737,317</b>	<b>71</b>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<b>\$ 2,609,968</b>	<b>100</b>	<b>\$ 2,454,086</b>	<b>100</b>

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

**SEA & LAND INTEGRATED CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(16) and 7	\$ 1,627,886	100	\$ 1,725,599	100
5000	Operating costs	6(4)(5)(17) and 7	( 1,415,734)	( 87)	( 1,498,875)	( 87)
5900	Gross profit		212,152	13	226,724	13
6000	Operating expenses	6(4)(5) and 7				
6100	Selling expenses		( 52,619)	( 3)	( 54,492)	( 3)
6200	General and administrative expenses		( 89,093)	( 6)	( 77,437)	( 5)
6450	Expected credit impairment loss		( 5)	-	-	-
6600	Total operating expenses		( 141,717)	( 9)	( 131,929)	( 8)
6900	Operating profit		70,435	4	94,795	5
7100	Non-operating income and expenses					
7100	Interest income	6(3)(18)	728	-	583	-
7010	Other income	6(1) and 7	21,880	1	14,399	1
7020	Other gains and losses	6(2)	5,288	-	( 89)	-
7050	Finance costs	6(3) and 7	( 4,457)	-	( 4,665)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)				
7000	Total non-operating income and expenses		125,411	8	114,745	6
7900	<b>Profit before income tax</b>		148,850	9	124,973	7
7950	Income tax expense	6(6)	( 219,285)	( 13)	( 219,768)	( 12)
8200	<b>Profit for the year</b>		( 16,376)	( 1)	( 21,264)	( 1)
8200	<b>Profit for the year</b>		\$ 202,909	12	\$ 198,504	11
8311	Other comprehensive income (loss)					
8311	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	(Loss) gain on remeasurements of defined benefit plans	6(12)	( \$ 285)	-	\$ 5,588	1
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)				
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(5)	2,158	-	( 31,750)	( 2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(6)	122	-	496	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(6)	57	-	( 1,118)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		2,052	-	( 26,784)	( 1)
8361	Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		( 2,877)	-	4,985	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		( 2,877)	-	4,985	-
8300	<b>Other comprehensive loss for the year</b>		( \$ 825)	-	( \$ 21,799)	( 1)
8500	<b>Total comprehensive income for the year</b>		\$ 202,084	12	\$ 176,705	10
9750	Basic earnings per share	6(7)				
9750	Basic earnings per share		\$ 1.93		\$ 1.89	
9850	Diluted earnings per share	6(7)				
9850	Diluted earnings per share		\$ 1.92		\$ 1.88	

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

**SEA & LAND INTEGRATED CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest		
							Financial statements translation differences of foreign operations	Financial statements value through other comprehensive income	Total equity
<b>Retained earnings</b>									
<u>Year 2022</u>									
Balance at January 1, 2022		\$ 806,743	\$ 86,902	\$ 144,107	\$ 66,693	\$ 840,515	(\$ 31,929 )	(\$ 26,009 )	\$ 1,887,022
Profit for the year		-	-	-	-	198,504	-	-	198,504
Other comprehensive income (loss) for the year		-	-	-	-	4,470	4,985	( 31,254 )	( 21,799 )
Total comprehensive income (loss)		-	-	-	-	202,974	4,985	( 31,254 )	176,705
Appropriations of 2021 earnings:									
Legal reserve	6(15)	-	-	74,048	-	( 74,048 )	-	-	-
Cash dividends		-	-	-	-	( 322,697 )	-	-	( 322,697 )
Stock dividends		242,023	-	-	-	( 242,023 )	-	-	-
Disposal of equity investments at fair value through 6(2)		-	-	-	-	1,208	-	( 1,208 )	-
other comprehensive income									
Changes in ownership interests in subsidiaries, associates and joint ventures accounted for using the equity method	6(14)								
Balance at December 31, 2022		\$ 1,048,766	( 3,539 )	\$ 218,155	\$ 66,693	( 174 )	\$ 26,944	\$ 58,471	( 3,713 )
<u>Year 2023</u>									\$ 1,737,317
Balance at January 1, 2023		\$ 1,048,766	\$ 83,363	\$ 218,155	\$ 66,693	\$ 405,755	\$ 26,944	\$ 58,471	\$ 1,737,317
Profit for the year		-	-	-	-	405,755	\$ 26,944	\$ 58,471	\$ 1,737,317
Other comprehensive income (loss) for the year		-	-	-	-	202,909	-	-	202,909
Total comprehensive income (loss)		-	-	-	-	( 202,909 )	( 2,877 )	2,280	( 825 )
Appropriations of 2022 earnings:									202,084
Legal reserve	6(15)	-	-	20,401	-	( 20,401 )	-	-	-
Special reserve		-	-	-	18,722	( 18,722 )	-	-	-
Cash dividends		-	-	-	-	( 104,877 )	-	-	( 104,877 )
Disposal of equity investments at fair value through 6(2)		-	-	-	-	4,498	-	( 4,498 )	-
other comprehensive income									
Changes in ownership interests in subsidiaries, associates and joint ventures accounted for using the equity method	6(14)								
Balance at December 31, 2023		\$ 1,048,766	4,563	\$ 238,556	\$ 85,415	\$ 468,934	( 29,821 )	( 998 )	\$ 3,565
									\$ 1,838,089

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

**SEA & LAND INTEGRATED CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 219,285	\$ 219,768
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(7)(22)	100,219	90,923
Amortisation expense	6(22)	417	440
Expected credit impairment loss	6(22)	5	-
Interest expense	6(21)	4,457	4,665
Interest income	6(18)	( 728 )	( 583 )
Dividend income	6(19)	( 16,973 )	( 10,084 )
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	( 125,411 )	( 114,745 )
Gains on disposals of property, plant and equipment	6(20)	( 6,699 )	( 6,308 )
Gains arising from lease modification	6(20)	- (	7 )
Losses on disposals of investments	6(20)	- (	3,976 )
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets - current		( 8,455 )	30,348
Notes receivable, net		( 852 )	9,823
Notes receivable - related parties		- (	2,414 )
Accounts receivable		40,640	252,417
Accounts receivable - related parties		3,065 (	3,208 )
Other receivables - related parties		- (	19 )
Inventories		407	473
Prepayments		3,083	11,567
Other current assets		1,067 (	614 )
Other non-current assets		480	- (
Changes in operating liabilities			
Contract liabilities - current		5,000	- (
Notes payable		( 700 ) (	107,879 )
Notes payable - related parties		14 (	28,445 )
Accounts payable		( 12,174 ) (	18,366 )
Accounts payable - related parties		7,323 (	4,543 )
Other payables		317 (	47,638 )
Other payables - related parties		( 15 ) (	7,373 )
Other current liabilities		259 (	1,275 )
Other non-current liabilities		( 553 ) (	589 )
Net defined benefit liabilities		( 2,193 ) (	2,404 )
Cash inflow generated from operations		196,639	281,858
Interest received		669	540
Dividends received		61,473	34,071
Interest paid		( 4,350 ) (	4,562 )
Income taxes paid		( 22,299 ) (	20,050 )
Net cash flows from operating activities		<u>232,132</u>	<u>291,857</u>

(Continued)

**SEA & LAND INTEGRATED CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at fair value through other comprehensive income - non-current	6(2)	\$ -	( \$ 34,935 )
Proceeds from disposal of financial assets at fair value through other comprehensive income		10,498	15,364
Acquisition of financial assets at amortised cost - current		( 38 )	( 29 )
Acquisition of investments accounted for using equity method	6(5)	( 52,172 )	-
Proceeds from capital reduction of investments accounted for using equity method	6(5)	-	28,133
Acquisition of property, plant and equipment	6(26)	( 141,143 )	( 338,329 )
Proceeds from disposal of property, plant and equipment		6,689	13,171
Decrease in refundable deposits		1,269	3,254
Acquisition of intangible assets		( 689 )	( 232 )
Decrease in other non-current assets		2,582	2,580
(Increase) decrease in prepayments for business facilities		( 34,288 )	( 29,864 )
Net cash flows used in investing activities		( 207,292 )	( 281,159 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term borrowings	6(27)	730,000	50,000
Decrease in short-term borrowings	6(27)	( 660,000 )	-
Proceeds from long-term borrowings	6(27)	152,000	85,000
Repayments of long-term borrowings	6(27)	( 135,478 )	( 109,340 )
Decrease in guarantee deposits received	6(27)	- ( 2 )	2 )
Increase in guarantee deposits received	6(27)	100	-
Lease principal repayment	6(27)	( 10,887 )	( 10,563 )
Cash dividends paid	6(15)	( 104,877 )	( 322,697 )
Net cash flows used in financing activities		( 29,142 )	( 307,602 )
Net decrease in cash and cash equivalents		( 4,302 )	( 296,904 )
Cash and cash equivalents at beginning of year		83,392	380,296
Cash and cash equivalents at end of year		\$ 79,090	\$ 83,392

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

**SEA & LAND INTEGRATED CORP.**  
**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**

Sea & Land Integrated Corp. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in the container transportation, ship transportation, warehousing business, hoist and forklift installation, crane and hoist services, petrol and liquefied petroleum gas (LPG) station business, etc.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 12, 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®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)**

New standards, interpretations and amendments endorsed by 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 Company**

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 IFRS 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 Company's financial condition and financial performance based on the Company's assessment.

**4. Summary of Material 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 financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**(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 measured at fair value.
  - (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 International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) 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 the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, 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

- (a) The operating results and financial position of all the entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

- iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale.

**(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 and 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:

- (a) 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.
- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

**(7) Financial assets at amortised cost**

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
  - (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 amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

**(8) Accounts and notes receivable**

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

**(9) Impairment of financial assets**

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component and lease receivables, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration

all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

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

(13) Investments accounted for using equity method - subsidiaries, associates and joint ventures

- A. Subsidiaries are all 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. Inter-company transactions, balances and unrealised gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of 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 the losses in proportion to the ownership.
- D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.
- E. When the Company loses control of a subsidiary, the Company 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 Company 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.

- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- G. The Company's share of its associates' 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 an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. 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.
- I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- L. The Company accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.
- M. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) and other comprehensive income of the current period in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

**(14) Property, plant and equipment**

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- 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. Land is not depreciated. Other 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:

Buildings and structures	10 ~ 60 years
Machinery and equipment	4 ~ 11 years
Transportation equipment	2 ~ 16 years
Renatl assets	9 ~ 16 years
Other equipment	4 ~ 8 years
Office equipment	4 ~ 9 years

(15) 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. 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; and
  - (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.

(16) Intangible assets

Intangible assets, mainly computer software, are stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 3 years.

(17) 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.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, 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.

(20) Derecognition of financial liabilities

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

(21) 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.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. 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.

(22) 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 operates and generates 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. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, 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.

(23) 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.

(24) 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.

(25) Revenue recognition

A. Sales of goods

The Company sells liquefied petroleum gas and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Sales of services

(a) The Company provides machinery transportation and hoisting services. Revenue is calculated based on the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. The stage of completion of a contract is measured by the proportion of costs incurred for work performed to date to the estimated total costs for the construction contract. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Company provides container transportation services. If the outcome of a service transaction can be estimated reliably, revenue shall be recognised based on the stage of completion of the transaction at the balance sheet date. Service revenue is recognised based on the proportion of the services performed to the total services to be performed according to the project nature. At the end of the year, the accumulated service revenue is calculated based on the proportion of the actual services performed, and the service revenue to be recognised for the current period is the accumulated service revenue after deducting the accumulated service revenue from the previous period.

**(26) Government grants**

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

**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 ; and the related information is addressed below:

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

None.

**(2) Critical accounting estimates and assumptions**

**A. Revenue recognition**

Machinery transportation and hoisting revenue is calculated by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. The stage of completion of a construction contract is measured by the proportion of contract costs incurred for the construction performed as of the financial reporting date to the estimated total costs for the construction contract. The aforementioned estimated total costs are assessed based on the estimated construction projects planned for the heavy machinery transportation and hoisting services engaged by the client and the price fluctuations in the market to estimate the costs for each construction activity such as estimated subcontract charges and material and labour expenses. The estimate of total cost affects the stage of completion and the recognition of revenue, and the complexity of aforementioned total cost estimation usually involves subjective judgement and contains a high degree of uncertainty.

**B. Impairment assessment of accounts receivable**

Impairment assessment of accounts receivable was implemented in accordance with IFRS 9 using the expected credit loss model. The management uses the ageing of receivables as of the balance sheet date and the payment history of an individual customer, financial position and economic situation of the customer and many other factors that would affect the payment ability of the customer as well as includes the forward-looking information to assess the default possibility of accounts receivable and to assess whether accounts receivable would be considered impaired.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 4,538	\$ 4,703
Checking accounts	229	339
Demand deposits	74,323	67,744
Time deposits	-	10,606
	<u>\$ 79,090</u>	<u>\$ 83,392</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Company has no cash and cash equivalents pledged to others.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Equity instruments		
Listed stocks	\$ 38,290	\$ 38,290
Valuation adjustment	( 21,070)	( 18,730)
	<u>17,220</u>	<u>19,560</u>
Non-current items:		
Equity instruments		
Unlisted stocks	120,387	126,387
Valuation adjustment	( 40,625)	( 40,625)
	<u>79,762</u>	<u>85,762</u>
	<u>\$ 96,982</u>	<u>\$ 105,322</u>

- A. The Company has elected to classify listed stocks and unlisted stocks investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of current and non-current investments amounted to \$17,220, \$79,762, \$19,560 and \$85,762 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:

	Years ended December 31,	
	2023	2022
<b><u>Equity instruments at fair value through other comprehensive income</u></b>		
Fair value change recognized in other comprehensive income	\$ 2,158	(\$ 31,750)
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ 4,498</u>	<u>\$ 1,208</u>
Dividend income recognised in profit or loss		
Held at end of period	\$ 15,173	\$ 10,084
Derecognised during of period	<u>1,800</u>	<u>-</u>
	<u><u>\$ 16,973</u></u>	<u><u>\$ 10,084</u></u>

- C. In August 2023, the Company disposed of 600 thousand shares of Century Heavy Industry International Co., Ltd. at \$17.55 per share.
- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Pledged time deposits maturing in excess of three months	\$ 32,567	\$ 32,529

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2023	2022
Interest income	\$ 160	\$ 38
<b>B. 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 at amortised cost held by the Company was \$32,567 and \$32,529, respectively.</b>		
C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.		
D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.		

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 20,340	\$ 19,488
Accounts receivable	<u>215,930</u>	<u>256,575</u>
	236,270	276,063
Less: Allowance for uncollectible accounts	-	-
	<u>\$ 236,270</u>	<u>\$ 276,063</u>

A. As of December 31, 2023 and 2022, 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>	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 215,701	\$ 20,340	\$ 255,877	\$ 19,488
Up to 30 days	229	-	586	-
31 to ~ 90 days	-	-	82	-
91 to ~ 180 days	-	-	25	-
Over 180 days	-	-	5	-
	<u>\$ 215,930</u>	<u>\$ 20,340</u>	<u>\$ 256,575</u>	<u>\$ 19,488</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$235,390, \$275,502, and \$537,555, respectively.
- C. The Company has no notes receivable and accounts receivable pledged to others as collateral.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Investments accounted for using the equity method

- A. Details of the Company's investment in subsidiaries, associates and joint ventures are as follows:

Investees	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	Ownership	Book value	Ownership	Book value
<u>Subsidiaries</u>				
Eternal Full Enterprise Ltd. (Eternal Full)	100.00%	\$ 122,135	100.00%	\$ 117,737
New An-Ho Gas Co., Ltd. (New An-Ho)	100.00%	90,506	100.00%	90,331

Investees	December 31, 2023		December 31, 2022	
	Ownership	Book value	Ownership	Book value
Sea & Land Wine & Spirits				
Incorporation				
(Sea & Land Wine)	55.23%	74,006	55.23%	76,588
Sea & Land Sinogreenergy				
Inc. (Sea & Land Sino)	75.00%	15,646	75.00%	17,268
Chiayi New Energy Co.,				
Ltd. (Chiayi)	77.27%	13,975	77.27%	14,517
Subtotal		316,268		316,441
<u>Associates</u>				
Giant Heavy Machinery				
Service Corp.				
(Giant Heavy Machinery)	28.92%	381,790	31.92%	247,017
<u>Joint ventures</u>				
Denzai Sea & Land				
Corporation				
(Denzai Sea & Land)	50.00%	-	50.00%	302
Total		\$ 698,058		\$ 563,760

B. For the years ended December 31, 2023 and 2022, share of (loss) profit of subsidiaries, associates and joint ventures accounted for using equity method is as follows:

Investees	Years ended December 31,	
	2023	2022
<u>Subsidiaries</u>		
Eternal Full	\$ 7,275	\$ 2,560
New An-Ho	219	50
Sea & Land Wine	6,675	22,556
Sea & Land Sino	( 1,622)	( 1,211)
Chiayi	( 542)	( 466)
	12,005	23,489
<u>Associates</u>		
Giant Heavy Machinery	113,708	91,561
<u>Joint ventures</u>		
Denzai Sea & Land	( 302)	( 305)
	\$ 125,411	\$ 114,745

C. Subsidiaries:

- (a) Details of the Company's subsidiaries are provided in Note 4(3) in the consolidated financial statements as of and for the year ended December 31, 2023.
- (b) In September 2022 and March 2022, Eternal Full decreased its capital amounting to \$7,698 and \$19,607, respectively, and shares were fully reacquired in proportion to its ownership by the Company.

(c) In February 2022, Formosa increased its share capital at a total of \$27,831 and was fully subscribed by Glory Base.

(d) In September 2022, Peace King decreased its share capital amounting to \$7,698, and shares were fully reacquired in proportion to its ownership by Eternal Full.

#### D. Associates

(a) The basic information of the Company's associates is as follows:

Company name	Principal place of business	Ownership (%)		Nature of relationship	Methods of measurement
		December 31, 2023	December 31, 2022		
Giant Heavy Machinery	Taiwan	28.92%	31.92%	Strategy investments	Equity method

- i. On June 9, 2022, a meeting of the Board of Directors of Giant Heavy Machinery resolved the appropriation of 2021 earnings and issuing new shares through capitalisation of employee compensation amounting to 7,565 thousand shares. In addition, the effective date was set on July 10, 2022. The capital increase had been approved by the competent authority and was completed on August 2, 2022. After the capital increase, the Company's shareholding ratio has declined from 32.59% to 31.92%.
- ii. On July 11, 2023, the Board of Directors of Giant Heavy Machinery during its meeting adopted a resolution to capitalize retained earnings to issue 8,270 thousand new shares, with the effective date set on July 17, 2023, as approved by the competent authority. The registration for the change was completed on August 8, 2023.
- iii. On August 8, 2023, the Board of Directors of Giant Heavy Machinery during its meeting adopted a resolution to issue employee stock warrants to issue 2,000 thousand new shares, with the effective date set on August 14, 2023, as approved by the competent authority. The registration for the change was completed on September 14, 2023. After the capital increase, the Company's shareholding ratio declined from 31.91% to 30.24%.
- iv. On December 6, 2023, the Board of Directors of Giant Heavy Machinery during its meeting adopted a resolution to increase the its capital by issuing 7,000 thousand new shares with a par value of \$10 (in dollars) per share and a stock issue price of \$30 (in dollars) per share, with the effective date set on December 26, 2023. Fifteen percent of the new shares were reserved for subscription by employees of Giant Heavy Machinery. The Company acquired 1,739 thousand shares, amounting to \$52,172. Furthermore, the stockholders of Giant Heavy Machinery at the annual stockholders' meeting on June 30, 2023 adopted a resolution to distribute employees' compensation by issuing 728 thousand new shares, with the effective date set on December 26, 2023, as approved by the competent authority. The registration for the change was completed on January 10, 2024. After the capital increase, the Company's shareholding ratio declined from 30.24% to 28.92%.

(b) The summarised financial information of the Company's associates to is as follows:

Balance sheet

	Giant Heavy Machinery	
	December 31, 2023	December 31, 2022
Current assets	\$ 1,129,770	\$ 734,974
Non-current assets	727,846	516,676
Current liabilities	( 399,835)	( 364,682)
Non-current liabilities	( 135,403)	( 109,615)
Total net assets	<u>\$ 1,322,378</u>	<u>\$ 777,353</u>
Share in associate's net assets	<u>\$ 382,498</u>	<u>\$ 248,131</u>

Statement of comprehensive income

	Giant Heavy Machinery	
	Years ended December 31,	
	2023	2022
Revenue	\$ 1,210,502	\$ 1,027,651
Profit for the year from continuing operations	363,807	283,428
Other comprehensive income, net of tax	402	1,554
Total comprehensive income	<u>\$ 364,209</u>	<u>\$ 284,982</u>
Dividends received from associates	<u>\$ 35,199</u>	<u>\$ 19,555</u>

- (c) The abovementioned investment accounted for using equity method was measured based on the financial reports audited by the associates' auditors.
- (d) The Company is the single largest shareholder of Giant Heavy Machinery with a 28.92% equity interest. Given that other two large shareholders (not related parties) hold more shares than the Company and there is no agreement among shareholders to consult with each other or to make decisions collectively, which indicates that the Company has no current ability to direct the relevant activities of Giant Heavy Machinery, the Company has no control, but only has significant influence, over the investee.

E. Joint venture

The carrying amount of the Company's interests in immaterial joint ventures and the Company's share of the operating results are as follows:

As of December 31, 2023 and 2022, the carrying amount of the Company's immaterial joint ventures amounted to \$0 and \$302, respectively.

	Denzai Sea & Land	
	Years ended December 31,	
	2023	2022
Revenue	\$ -	\$ -
Loss for the year from continuing operations	( 697)	( 610)
Other comprehensive income, net of tax	- -	- -
Total comprehensive loss	<u>(\$ 697)</u>	<u>(\$ 610)</u>

- F. As of December 31, 2023 and 2022, investments accounted for using equity method of certain investees are recognised based on investees' financial statements audited by other auditors. For the years ended December 31, 2023 and 2022, share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method amounted to (\$625) and (\$721), respectively. As of December 31, 2023 and 2022, the investments balance of certain investees accounted for using equity method amounted to \$104,481 and \$105,150, respectively.
- G. For the years ended December 31, 2023 and 2022, none of investees accounted for using equity method had public market quotations.

(6) Property, plant and equipment

	2023						Unfinished construction and equipment under acceptance	Total
	Buildings and structures	Machinery and equipment	Transportation equipment	Rental assets	Office equipment	Others		
At January 1								
Cost	\$ 363,510	\$ 266,576	\$ 9,450	\$ 938,259	\$ 137,142	\$ 15,101	\$ 8,306	\$ 1,828,578
Accumulated depreciation	-	(123,583)	(9,450)	(401,590)	(29,227)	(11,909)	(4,947)	(580,706)
	<u>\$ 363,510</u>	<u>\$ 142,993</u>	<u>\$ -</u>	<u>\$ 536,669</u>	<u>\$ 107,915</u>	<u>\$ 3,192</u>	<u>\$ 3,359</u>	<u>\$ 1,247,872</u>
Opening net book amount as at January 1	\$ 363,510	\$ 142,993	\$ -	\$ 536,669	\$ 107,915	\$ 3,192	\$ 3,359	\$ 90,234
Additions	-	-	1,654	45,217	-	1,537	1,357	90,208
Disposal - cost	-	-	-	(34,799)	-	(124)	(457)	- (35,380)
Disposal - accumulated depreciation	-	-	-	34,403	-	124	457	- 34,984
Transfers	-	-	3,850	-	-	-	- (3,850)	-
Depreciation charge	-	(6,606)	(46)	(71,790)	(8,601)	(1,210)	(1,091)	- (89,344)
Closing net book amount as at December 31	<u>\$ 363,510</u>	<u>\$ 136,387</u>	<u>\$ 5,458</u>	<u>\$ 509,700</u>	<u>\$ 99,314</u>	<u>\$ 3,519</u>	<u>\$ 3,625</u>	<u>\$ 176,592</u>
At December 31								
Cost	\$ 363,510	\$ 266,576	\$ 14,954	\$ 948,677	\$ 137,142	\$ 16,514	\$ 9,206	\$ 176,592
Accumulated depreciation	-	(130,189)	(9,496)	(438,977)	(37,828)	(12,995)	(5,581)	- (635,066)
	<u>\$ 363,510</u>	<u>\$ 136,387</u>	<u>\$ 5,458</u>	<u>\$ 509,700</u>	<u>\$ 99,314</u>	<u>\$ 3,519</u>	<u>\$ 3,625</u>	<u>\$ 176,592</u>
								<u>\$ 1,298,105</u>

								Unfinished construction and equipment under acceptance
								2022
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Rental assets	Office equipment	Others	
At January 1								
Cost	\$ 363,510	\$ 280,106	\$ 9,450	\$ 761,664	\$ 137,142	\$ 13,046	\$ 9,090	\$ -
Accumulated depreciation	- ( 130,205 )	( 9,085 )	( 400,445 )	( 20,624 )	( 12,044 )	( 6,120 )		-
	<u>\$ 363,510</u>	<u>\$ 149,901</u>	<u>\$ 365</u>	<u>\$ 361,219</u>	<u>\$ 116,518</u>	<u>\$ 1,002</u>	<u>\$ 2,970</u>	<u>\$ -</u>
Opening net book amount as at January 1	\$ 363,510	\$ 149,901	\$ 365	\$ 361,219	\$ 116,518	\$ 1,002	\$ 2,970	\$ -
Additions	- 5,525	-	-	240,356	-	2,709	1,111	90,234
Disposal - cost	- ( 19,055 )	-	- ( 63,761 )	-	- ( 654 )	( 1,895 )	-	-
Disposal - accumulated depreciation	- 13,176	-	- 62,371	-	-	654	1,895	-
Depreciation charge	- ( 6,554 )	( 365 )	( 63,516 )	( 8,603 )	( 519 )	( 722 )	-	-
Closing net book amount as at December 31	<u>\$ 363,510</u>	<u>\$ 142,993</u>	<u>\$ -</u>	<u>\$ 536,669</u>	<u>\$ 107,915</u>	<u>\$ 3,192</u>	<u>\$ 3,359</u>	<u>\$ 90,234</u>
At December 31								
Cost	\$ 363,510	\$ 266,576	\$ 9,450	\$ 938,259	\$ 137,142	\$ 15,101	\$ 8,306	\$ 90,234
Accumulated depreciation	- ( 123,583 )	( 9,450 )	( 401,590 )	( 29,227 )	( 11,909 )	( 4,947 )		-
	<u>\$ 363,510</u>	<u>\$ 142,993</u>	<u>\$ -</u>	<u>\$ 536,669</u>	<u>\$ 107,915</u>	<u>\$ 3,192</u>	<u>\$ 3,359</u>	<u>\$ 90,234</u>

- A. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8
- B. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,
Amount capitalised	2023 2,839 \$ 1.95%~2.13%
Range of the interest rates for capitalisation	2022 370 1.60%~1.95%

(7) Leasing arrangements - lessee

- A. The Company leases various assets including land, buildings and business vehicles. Rental contracts are typically expired between 2011 and 2027. 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.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	2023			
	Buildings and structures		Transportation equipment	Total
	Land			
At January 1				
Cost	\$ 30,833	\$ 5,254	\$ 7,080	\$ 43,167
Accumulated depreciation	( 14,036)	( 1,241)	( 2,134)	( 17,411)
	<u>\$ 16,797</u>	<u>\$ 4,013</u>	<u>\$ 4,946</u>	<u>\$ 25,756</u>
Opening net book amount				
as at January 1	\$ 16,797	\$ 4,013	\$ 4,946	\$ 25,756
Additions	2,347	-	974	3,321
Disposal - cost	( 2,360)	-	-	( 2,360)
Disposal - accumulated depreciation	2,360	-	-	2,360
Depreciation charge	( 7,557)	( 876)	( 2,442)	( 10,875)
Closing net book amount				
as at December 31	<u>\$ 11,587</u>	<u>\$ 3,137</u>	<u>\$ 3,478</u>	<u>\$ 18,202</u>
At December 31				
Cost	\$ 30,820	\$ 5,254	\$ 8,054	\$ 44,128
Accumulated depreciation	( 19,233)	( 2,117)	( 4,576)	( 25,926)
	<u>\$ 11,587</u>	<u>\$ 3,137</u>	<u>\$ 3,478</u>	<u>\$ 18,202</u>

	2022			
	Buildings and Transportation			
	Land	structures	equipment	Total
At January 1				
Cost	\$ 30,690	\$ 5,254	\$ 6,983	\$ 42,927
Accumulated depreciation	( 9,608)	( 365)	( 858)	( 10,831)
	<u>\$ 21,082</u>	<u>\$ 4,889</u>	<u>\$ 6,125</u>	<u>\$ 32,096</u>
Opening net book amount as at January 1	\$ 21,082	\$ 4,889	\$ 6,125	\$ 32,096
Additions	3,235	-	1,781	5,016
Disposal-cost	( 3,092)	-	( 1,684)	( 4,776)
Disposal-accumulated depreciation	3,092	-	972	4,064
Depreciation charge	( 7,520)	( 876)	( 2,248)	( 10,644)
Closing net book amount as at December 31	<u>\$ 16,797</u>	<u>\$ 4,013</u>	<u>\$ 4,946</u>	<u>\$ 25,756</u>
At December 31				
Cost	\$ 30,833	\$ 5,254	\$ 7,080	\$ 43,167
Accumulated depreciation	( 14,036)	( 1,241)	( 2,134)	( 17,411)
	<u>\$ 16,797</u>	<u>\$ 4,013</u>	<u>\$ 4,946</u>	<u>\$ 25,756</u>

C. The information on lease liability relating to lease contracts is as follows:

	December 31, 2023	December 31, 2022
Total lease liability	\$ 18,600	\$ 26,166
Less: Current portion (shown as 'lease liabilities - current')	( 9,448)	( 10,685)
	<u>\$ 9,152</u>	<u>\$ 15,481</u>

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 362	\$ 484
Expense on short-term lease contracts	1,720	1,840
Expense on leases of low-value assets	98	79
Gains arising from lease modification	-	7

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$13,558 and \$12,490, respectively.

#### (8) Leasing arrangements – lessor

A. The Company leases various assets including land, buildings and machinery and equipment.

Rental contracts are typically expired between 2010 and 2035. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

- B. For the years ended December 31, 2023 and 2022, the Company recognised rent income in the amounts of \$32,479 and \$27,635, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023		December 31, 2022	
2024	\$	26,379	2023	\$ 26,340
2025		19,473	2024	24,467
2026		13,433	2025	19,202
2027		1,640	2026	13,431
2028		310	2027	1,722
After 2029		1,891	After 2028	2,119
	\$	63,126		\$ 87,281

(9) Short-term borrowings

Type of borrowings	Collateral	December 31, 2023	December 31, 2022
Bank borrowings			
Unsecured borrowings	-	\$ 60,000	\$ 50,000
Secured borrowings	Property, plant and equipment	60,000	-
		\$ 120,000	\$ 50,000
Interest rate range		1.85%~1.903%	1.875%

Details of assets pledged as collateral for short-term borrowings are provided in Note 8.

(10) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	\$ 66,269	\$ 67,723
Accrued expenses	11,154	10,525
Other payables	2,136	887
Payable on machinery and equipment	384	675
	\$ 79,943	\$ 79,810

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	Borrowing period is from June 2, 2023 to December 20, 2025; interest is repayable monthly; principal is repayable at maturity.	2.04%	Property, plant and equipment	\$ 80,000
Installment borrowings				
Secured borrowings	Borrowing period is from August 8, 2019 to July 27, 2036; interest is repayable monthly; principal is repayable in installments from July 28, 2019.	1.99% ~ 2.19%	Property, plant and equipment	195,980
Less: Current portion (shown as 'other current liabilities')				( 43,840)
				\$ 232,140
Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	Borrowing period is from November 14, 2022 to November 14, 2024; interest is repayable monthly; principal is repayable at maturity.	1.79%	Property, plant and equipment	\$ 30,000
Installment borrowings				
Secured borrowings	Borrowing period is from June 28, 2019 to July 27, 2036; interest is repayable monthly; principal is repayable in installments from July 28, 2019.	1.85% ~ 1.951%	Property, plant and equipment	229,458
Less: Current portion (shown as 'other current liabilities')				( 88,875)
				\$ 170,583

Details of assets pledged as collateral for long-term borrowings are provided in Note 8.

(12) Pensions (shown as 'other non-current liabilities')

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 8% 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. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(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	(\$ 70,201)	(\$ 76,174)
Fair value of plan assets	<u>66,466</u>	<u>70,531</u>
Net defined benefit liability	<u>(\$ 3,735)</u>	<u>(\$ 5,643)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<b><u>2023</u></b>			
At January 1	(\$ 76,174)	\$ 70,531	(\$ 5,643)
Current service cost	( 590)	-	( 590)
Interest (expense) income	( 952)	881	( 71)
	<u>( 77,716)</u>	<u>71,412</u>	<u>( 6,304)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	558	558
Change in financial assumptions	( 172)	-	( 172)
Experience adjustments	( 671)	-	( 671)
	<u>( 843)</u>	<u>558</u>	<u>( 285)</u>
Pension fund contribution	-	2,854	2,854
Paid pension	8,358	( 8,358)	-
At December 31	<u>(\$ 70,201)</u>	<u>\$ 66,466</u>	<u>(\$ 3,735)</u>
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<b><u>2022</u></b>			
At January 1	(\$ 77,160)	\$ 63,525	(\$ 13,635)
Current service cost	( 671)	-	( 671)
Interest (expense) income	( 463)	415	( 48)
	<u>( 78,294)</u>	<u>63,940</u>	<u>( 14,354)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	5,075	5,075
Change in financial assumptions	1,789	-	1,789
Experience adjustments	( 1,276)	-	( 1,276)
	<u>513</u>	<u>5,075</u>	<u>5,588</u>
Pension fund contribution	-	3,123	3,123
Paid pension	1,607	( 1,607)	-
At December 31	<u>(\$ 76,174)</u>	<u>\$ 70,531</u>	<u>(\$ 5,643)</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:

	Years ended December 31,	
	2023	2022
Discount rate	1.180%	1.250%
Future salary increases	1.125%	1.125%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022, respectively.

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 1.00%	Decrease 1.00%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 607)	\$ 623	\$ 2,584	(\$ 2,386)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 669)	\$ 688	\$ 2,890	(\$ 2,653)

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 did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$0.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 7.1 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 67,253
2-5 years	2,232
5-10 years	820
	<hr/>
	\$ 70,305

(h) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022, were \$661 and \$719, respectively.

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 \$10,061 and \$10,665, respectively.

#### (13) Share capital

A. As of December 31, 2023, the Company’s authorised capital was \$1,230,000, consisting of 123,000 thousand shares of ordinary stock, and the paid-in capital was \$1,048,766 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares (units: thousand shares) outstanding are as follows:

	2023	2022
At January 1	\$ 104,877	\$ 80,674
Surplus profit distributed in the form of new shares	<hr/> -	24,203
At December 31	<hr/> \$ 104,877	\$ 104,877

B. On June 27, 2022, the shareholders’ meeting of the Company resolved to issue new shares amounting to 24,203 thousand shares from undistributed earnings of \$242,023, which was approved by the competence authority. On August 12, 2022, the Board of Directors resolved that the record date for ex-rights was September 4, 2022, and the registration for the change was completed on September 30, 2022.

#### (14) 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.

2023						
Changes in equity of associates and joint venture						
	Treasury Share	share premium	joint venture accounted for using equity method	Others	Total	
At January 1		\$ 62,214	\$ 15,659	\$ -	\$ 5,490	\$ 83,363
Recognition of change in equity of associates in proportion to the Company's ownership				4,563		4,563
At December 31		<u>\$ 62,214</u>	<u>\$ 15,659</u>	<u>\$ 4,563</u>	<u>\$ 5,490</u>	<u>\$ 87,926</u>

2022						
Changes in equity of associates and joint venture						
	Treasury Share	share premium	joint venture accounted for using equity method	Others	Total	
At January 1		\$ 62,214	\$ 15,659	\$ 3,539	\$ 5,490	\$ 86,902
Recognition of change in equity of associates in proportion to the Company's ownership				(3,539)		(3,539)
At December 31		<u>\$ 62,214</u>	<u>\$ 15,659</u>	<u>\$ -</u>	<u>\$ 5,490</u>	<u>\$ 83,363</u>

**(15) Retained earnings**

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, except for be used to pay all taxes and offset prior year's operating losses, 10% of the remaining amount shall first be set aside as legal reserve until the legal reserve equals the total capital stock balance and setting aside or reversal for special reserve in accordance with related laws or Authority's rule. The remaining earnings, if any, plus prior year's accumulated unappropriated earnings were accumulated distributable earnings. For the accumulated distributable earnings mentioned above, the Board of Directors shall consider the funds required for the growth of the enterprise and propose an earnings distribution to the shareholders for obtaining approval. The Company is in the business growth stage, and the dividend distribution policy must be based on the Company's current and future investment environment, capital needs, market competition and capital budget

factors, taking into account shareholders' interests, balanced dividends and the Company's long-term financial plan. The appropriation is proposed by the Board of Directors and then reported to the shareholders. Distribution of dividends to shareholders, of which cash dividends should be 20%~100% of the total dividends, and the rest should be stock dividends.

- 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. (a) 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.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The appropriations of 2021 earnings had been approved by the shareholders during their meeting on June 27, 2022 is as follows:

	Year ended December 31, 2021	
	Dividends per share	
	Amount	(in dollars)
Legal reserve	\$ 74,048	
Cash dividends	322,697	\$ 4
Stock dividends	242,023	3
	<u>\$ 638,768</u>	

- E. The appropriations of 2022 earnings had been approved by the shareholders during their meeting on June 9, 2023 is as follows:

	Year ended December 31, 2022	
	Dividends per share	
	Amount	(in dollars)
Legal reserve	\$ 20,401	
Special reserve	18,722	
Cash dividends	104,877	\$ 1
	<u>\$ 144,000</u>	

- F. The appropriations of 2023 earnings had been proposed by the Board of Directors on March 12,

2024. Details are summarised below:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 20,718	
Special reserve	6,094	
Cash dividends	125,852	\$ 1.2
	<u>\$ 152,664</u>	

The aforementioned appropriations of 2023 earnings has not yet been resolved at the stockholders' meeting.

(16) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 1,591,344	\$ 1,694,275
Rental revenue	32,479	27,635
Warehousing revenue	4,063	3,689
	<u>\$ 1,627,886</u>	<u>\$ 1,725,599</u>

A. 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 product lines:

Year ended December 31, 2023	Transportation segment	Machinery transportation and hoisting segment	LPG station segment	Total
Total segment revenue	\$ 832,305	\$ 565,705	\$ 193,334	\$ 1,591,344
Timing of revenue				
At a point in time	\$ -	\$ -	\$ 193,334	\$ 193,334
Over time	<u>832,305</u>	<u>565,705</u>	<u>-</u>	<u>1,398,010</u>
	<u>\$ 832,305</u>	<u>\$ 565,705</u>	<u>\$ 193,334</u>	<u>\$ 1,591,344</u>

Year ended December 31, 2022	Transportation segment	Machinery transportation and hoisting segment	LPG station segment	Total
Total segment revenue	\$ 1,048,718	\$ 451,524	\$ 194,033	\$ 1,694,275
Timing of revenue				
At a point in time	\$ -	\$ -	\$ 194,033	\$ 194,033
Over time	<u>1,048,718</u>	<u>451,524</u>	<u>-</u>	<u>1,500,242</u>
	<u>\$ 1,048,718</u>	<u>\$ 451,524</u>	<u>\$ 194,033</u>	<u>\$ 1,694,275</u>

B. Contract assets

The Company has recognised the following revenue-related contract assets:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1,2022</u>
Contract assets:			
Heavy machinery contracts	\$ 31,424	\$ 22,969	\$ 53,317
Contract liabilities:			
Construction advance receipts	\$ 5,000	\$ -	\$ -

(17) Operating cost

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cost of transportation sales	\$ 745,166	\$ 906,175
Cost of machinery transportation and hoisting sales	482,433	403,341
Cost of goods sold	172,126	172,928
Cost of warehousing sales	5,047	5,225
Cost of rental sales	10,962	11,206
	<u>\$ 1,415,734</u>	<u>\$ 1,498,875</u>

(18) Interest income

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 473	\$ 410
Interest income from financial assets measured at amortised cost	160	38
Other interest income	95	135
	<u>\$ 728</u>	<u>\$ 583</u>

(19) Other income

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Dividend income	\$ 16,973	\$ 10,084
Other income	4,907	4,315
	<u>\$ 21,880</u>	<u>\$ 14,399</u>

(20) Other gains and losses

	Years ended December 31,	
	2023	2022
Gains on disposals of property, plant and equipment	\$ 6,699	\$ 6,308
Compensation losses	- (	1,000)
Net foreign exchange gains	( 1,371)	73
Disposal of investments accounted for using equity method - loss from subsidiaries	- (	3,976)
Gains arising from lease modification	- (	7)
Other losses	( 40)	( 1,501)
	<u>\$ 5,288</u>	<u>(\$ 89)</u>

(21) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense - bank borrowings	\$ 6,934	\$ 4,551
Interest expense - lease liabilities	362	484
Less: Capitalized borrowing costs	( 2,839)	( 370)
	<u>\$ 4,457</u>	<u>\$ 4,665</u>

(22) Expenses by nature

	Years ended December 31,	
	2023	2022
Freight	\$ 432,112	\$ 523,879
Employee benefit expense	279,026	290,801
Other cost of machinery transportation and hoisting sales	222,425	194,695
Cost of merchandise sold	172,126	172,928
Diesel fee	135,642	137,036
Depreciation expense	100,219	90,922
Repairs and maintenance expense	48,418	41,636
Stevedorage & cargo charges	27,770	22,382
Tire charges	12,441	13,924
Amortization expense	417	440
Expected credit loss	5	-
Others	126,850	142,161
Operating costs and expenses	<u>\$ 1,557,451</u>	<u>\$ 1,630,804</u>

(23) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 238,261	\$ 248,758
Labour and health insurance fees	21,985	22,998
Pension costs	10,722	11,384
Other personnel expenses	8,058	7,661
	<u>\$ 279,026</u>	<u>\$ 290,801</u>

- A. Information on the provisions of distribution of earnings in the Company's Articles of Incorporation is provided in Note 6(15). A ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 5% for directors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$12,182 and \$12,209, respectively; while directors' remuneration was accrued at \$12,182 and \$12,209, respectively. The aforementioned amounts were recognised in salary expenses.
- C. Employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. 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.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2023	2022
<b>Current tax:</b>		
Current tax on profits for the year	\$ 15,491	\$ 19,460
Tax on undistributed surplus earnings	553	-
Prior year income tax underestimation	19	1,350
<b>Total current tax</b>	<b>16,063</b>	<b>20,810</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	313	454
<b>Income tax expense</b>	<b>\$ 16,376</b>	<b>\$ 21,264</b>

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

	Years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	\$ 57	(\$ 1,118)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 43,857	\$ 43,954
Expenses disallowed by tax regulation	304	424
Tax exempt income by tax regulation	( 27,022)	( 23,659)
Temporary difference not recognised as deferred tax assets	( 1,455)	( 512)
Prior year income tax underestimation	19	1,350
Change in assessment of realisation of deferred tax assets	120	( 293)
Tax on undistributed earnings	553	-
Income tax expense	<u>\$ 16,376</u>	<u>\$ 21,264</u>

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

	2023				
	Recognised in other				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>comprehensive income</u>	<u>December 31</u>	
Deferred income tax assets:					
- Temporary differences:					
Deferred gains	\$ 223	(\$ 81)	\$ -	\$ 142	
Actuarial losses (gains) on defined benefit plan	9,030	-	57	9,087	
Unrealized exchange losses	<u>109</u>	<u>206</u>	<u>-</u>	<u>315</u>	
	<u>\$ 9,362</u>	<u>\$ 125</u>	<u>\$ 57</u>	<u>\$ 9,544</u>	
- Deferred tax liabilities:					
Excess of pension contributions over pension expenses	( 5,148)	( 438)	-	( 5,586)	
Provision for land increment tax	( 30,137)	-	-	( 30,137)	
	<u>( 35,285)</u>	<u>( 438)</u>	<u>-</u>	<u>( 35,723)</u>	
	<u>(\$ 25,923)</u>	<u>(\$ 313)</u>	<u>\$ 57</u>	<u>(\$ 26,179)</u>	

	2022			
	Recognised in other comprehensive income			
	January 1	Recognised in profit or loss	other comprehensive income	December 31
Deferred income tax assets:				
- Temporary differences:				
Deferred gains	\$ 305	(\$ 82)	\$ -	\$ 223
Actuarial losses (gains) on defined benefit plan	10,148	- ( 1,118)	9,030	
Unrealized exchange losses	- 109	- 109	- 109	
	<u>\$ 10,453</u>	<u>\$ 27</u>	<u>(\$ 1,118)</u>	<u>\$ 9,362</u>
- Deferred tax liabilities:				
Excess of pension contributions over pension expenses	( 4,667)	( 481)	- ( 5,148)	
Provision for land increment tax	( 30,137)	- 30,137	- ( 35,285)	
	<u>( 34,804)</u>	<u>( 481)</u>	<u>( 25,923)</u>	
	<u>(\$ 24,351)</u>	<u>(\$ 454)</u>	<u>(\$ 1,118)</u>	<u>\$ 139,070</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Share of profit or loss of subsidiaries accounted for using equity method	\$ 109,249	\$ 116,524
Exchange differences on translation of foreign financial statements	<u>29,821</u>	<u>26,944</u>
	<u>\$ 139,070</u>	<u>\$ 143,468</u>

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

(25) Earnings per share

<u>Year ended December 31, 2023</u>			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<b><u>Basic earnings per share</u></b>			
Profit attributable to ordinary shareholders	\$ 202,909	<u>104,877</u>	<u>1.93</u>
<b><u>Diluted earnings per share</u></b>			
Profit attributable to ordinary shareholders	\$ 202,909	104,877	
Assumed conversion of all dilutive potential ordinary shares	-	554	
Employees' compensation	-	554	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>202,909</u>	<u>105,431</u>	<u>1.92</u>
<u>Year ended December 31, 2022</u>			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<b><u>Basic earnings per share</u></b>			
Profit attributable to ordinary shareholders	\$ 198,504	<u>104,877</u>	<u>1.89</u>
<b><u>Diluted earnings per share</u></b>			
Profit attributable to ordinary shareholders	\$ 198,504	104,877	
Assumed conversion of all dilutive potential ordinary shares	-	554	
Employees' compensation	-	554	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>198,504</u>	<u>105,431</u>	<u>1.88</u>

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 139,973	\$ 339,935
Add: Opening balance of payable on equipment	675	-
Add: Opening balance of notes payable on equipment	1,131	200
Less: Ending balance of payable on equipment	(384)	(675)
Less: Ending balance of notes payable on equipment	(252)	(1,131)
Cash paid during the year	<u>\$ 141,143</u>	<u>\$ 338,329</u>

(27) Changes in liabilities from financing activities

	2023					Liabilities from financing activities
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	gross	
		(including current portion)	(including current portion)	received	gross	
At January 1	\$ 50,000	\$ 259,458	\$ 26,166	\$ 3,730	\$ 339,354	
Changes in cash flow from financing activities	70,000	16,522	(10,887)	100	75,735	
Changes in other non-cash items	-	-	3,321	-	3,321	
At December 31	<u>\$ 120,000</u>	<u>\$ 275,980</u>	<u>\$ 18,600</u>	<u>\$ 3,830</u>	<u>\$ 418,410</u>	

	2022					Liabilities from financing activities
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	gross	
		(including current portion)	(including current portion)	received	gross	
At January 1	\$ -	\$ 283,798	\$ 32,434	\$ 3,732	\$ 319,964	
Changes in cash flow from financing activities	50,000	(24,340)	(10,563)	(2)	15,095	
Changes in other non-cash items	-	-	4,295	-	4,295	
At December 31	<u>\$ 50,000</u>	<u>\$ 259,458</u>	<u>\$ 26,166</u>	<u>\$ 3,730</u>	<u>\$ 339,354</u>	

## 7. Related Party Transactions

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Ever Glory Transportation Inc. (Ever Glory)	Other related party (this company's major shareholder was the Company's chairman)
Champion Shipping Agency Co., Ltd. (Champion)	Other related party (this company's chairman was the same as the Company's chairman)
Li Fung Transportation Enterprise Co., Ltd. (Li Fung)	Other related party (this company's major shareholder was the Company's director)
Deluxe Wine & Spirits Inc. (Deluxe Wine)	Other related party (this company's chairman was the same as the Company's chairman)
Chiayi New Energy Co., Ltd. (Chiayi)	Subsidiary
Sea & Land Sinogreenergy Inc. (Sea & Land Sino)	"
Sea & Land Wine & Spirits Incorporation (Sea & Land Wine)	"
Giant Heavy Machinery Service Corp. (Giant Heavy Machinery)	Associate (investee accounted for using equity method by the Company)
Giant Heavy Machinery Transportation Service Corp. (Giant Heavy Machinery Transportation)	Associate (subsidiary of the investee accounted for using equity method by the Company)
Mammoet Giant(Taiwan)Limited (Mammoet Giant)	Associate (joint venture of the investee accounted for using equity method by the Company)
Denzai Sea & Land Corporation (Denzai Sea & Land)	Joint venture (investee accounted for using equity method by the Company)

### (2) Significant related party transactions

#### A. Sales of services and goods

	Years ended December 31,	
	2023	2022
Sales of services:		
Subsidiaries	\$ 129	\$ 166
Joint ventures		
Denzai Sea & Land	-	81
Associates		
Giant Heavy Machinery	285	44,103
Mammoet Giant	11,447	-
Other related parties	2,115	693

	Years ended December 31,	
	2023	2022
Rental revenue:		
Subsidiaries	48	48
Associates		
Giant Heavy Machinery	13,600	9,822
Giant Heavy Machinery Transportation	2,003	2,095
Other related parties	<u>72</u>	<u>72</u>
	<u><u>\$ 29,699</u></u>	<u><u>\$ 57,080</u></u>

Selling prices and collection terms to subsidiaries, joint ventures, associates and other related parties are comparable to those provided to non-related parties. The collection terms are monthly billings by issuing 2~3-month notes.

B. Purchase of services and other operating costs

	Years ended December 31,	
	2023	2022
Purchases of services:		
Associates		
Giant Heavy Machinery	\$ 144,389	\$ 100,799
Giant Heavy Machinery Transportation	2,601	4,124
Other related parties	<u>3,740</u>	<u>3,342</u>
	<u><u>\$ 150,730</u></u>	<u><u>\$ 108,265</u></u>

The prices for services purchased from certain other related parties are higher than normal suppliers due to its special nature. The payment term is 30~45 days after monthly billings, slightly shorter days than normal suppliers. Purchase prices and payment terms to associates and other related parties are comparable to those provided by non-related parties. The payment terms are monthly billings paid by issuing 2~3-month notes.

C. Receivables from related parties:

	December 31, 2023	December 31, 2022
Notes receivable:		
Associates		
Giant Heavy Machinery Transportation	\$ 2,581	\$ 2,581
Other related parties	<u>56</u>	<u>56</u>
	<u><u>2,637</u></u>	<u><u>2,637</u></u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Subsidiaries	26	22
Associates		
Giant Heavy Machinery	24	3,135
Giant Heavy Machinery Transportation	19	240
Other related parties	<u>315</u>	<u>52</u>
	<u>384</u>	<u>3,449</u>

Long-term notes receivable (shown as “other non-current assets”)		
Associates		
Giant Heavy Machinery Transportation	<u>2,151</u>	<u>4,732</u>
	<u>\$ 5,172</u>	<u>\$ 10,818</u>

Long-term notes receivable due from associates of the Company is rent from renting transportation equipment to associates. All of notes agreed in the contract had been collected at once and turned into cash monthly.

D. Payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes payable:		
Subsidiaries	\$ 82	\$ 86
Associates		
Giant Heavy Machinery	18,765	19,010
Giant Heavy Machinery Transportation	231	210
Other related parties	<u>1,862</u>	<u>1,620</u>
	<u>\$ 20,940</u>	<u>\$ 20,926</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Associates		
Giant Heavy Machinery	\$ 6,757	\$ 14,326
Giant Heavy Machinery Transportation	231	-
Other related parties	<u>499</u>	<u>484</u>
	<u>7,487</u>	<u>14,810</u>
Other payables:		
Subsidiaries	197	27
Other related parties	<u>188</u>	<u>373</u>
	<u>385</u>	<u>400</u>
	<u>\$ 28,812</u>	<u>\$ 36,136</u>

E. Property transactions:

Acquisition of financial assets:

	Accounts	No. of shares	Objects	Year ended
				December 31, 2023
Giant Heavy Machinery	Investments accounted for using equity method	1,739 thousand shares	Stock	\$ 52,172

F. Lease transactions—lessee

(a) The Company leased lands from related parties. Rental contracts are typically expired between 2021 and 2026. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets could not be used as security for borrowing purposes and could not transfer to others in the forms of business transfer, merger and other ways.

(b) Lease liabilities

i. Outstanding balance

	December 31, 2023	December 31, 2022
Total lease liabilities	\$ 2,459	\$ 3,253
Less: Current portion (shown “current lease liabilities”)	(807)	(794)
	\$ 1,652	\$ 2,459

ii. Interest expense

	Years ended December 31,	
	2023	2022
Other related parties	\$ 46	\$ 59

G. Other income

	Years ended December 31,	
	2023	2022
Service income:		
Subsidiaries	\$ 533	\$ 153
Other related parties	690	690
	\$ 1,223	\$ 843

## H. Other expenses

	Years ended December 31,	
	2023	2022
Services expense:		
Subsidiaries	\$ 1,683	\$ 1,276
Other related parties		
Li Fung	2,633	4,091
Deluxe Wine	1,800	1,800
	<u>\$ 6,116</u>	<u>\$ 7,167</u>

## (3) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 17,578	\$ 18,024

## 8. Pledged Assets

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

Items	Nature	Book value	
		December 31, 2023	December 31, 2022
Other current assets			
Financial assets at amortised cost - current	Performance bond and deposits	\$ 32,567	\$ 32,529
Other non-current assets			
Time deposits	Business guarantee	1,077	1,064
Refundable deposits	Performance bond and deposits	<u>12,450</u>	<u>13,732</u>
		13,527	14,796
Property, plant and equipment			
Land, buildings and structures and transportation equipment	Long-term and short-term borrowings and business guarantee	<u>775,247</u>	<u>737,019</u>
		\$ 821,341	\$ 784,344

## 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

### Commitments

#### (1) Operating lease commitments

Please refer to Notes 6(7) and (8) for details.

- (2) As of December 31, 2023 and 2022, the Company entered into a significant construction contract with related suppliers for machine transportation and hoisting business at a price of \$152,000 and \$152,000, and the Company had paid \$126,077 and \$126,077, respectively. The remaining would be paid gradually according to the construction progress.
- (3) As of December 31, 2023 and 2022, the Company entered into a purchase contract with CPC Corporation, Taiwan for oil products and liquefied petroleum gas. According to the contract, the amount of guaranteed notes payable issued by the Company was \$30,000. The guarantee amount which was provided by banks for purchasing oil products and liquefied petroleum gas on accounts all was \$17,627 and \$16,000, respectively. Additionally, the Company issued guaranteed notes payable to guarantee banks all in the amount of \$17,627 and \$16,000, respectively.
- (4) As of December 31, 2023 and 2022, the Company entered into a significant construction contract with related suppliers for operational needs at a price of \$398,747 and \$290,300, and the Company had paid \$338,956 and \$187,177, respectively.

#### 10. Significant Disaster Loss

None.

#### 11. Significant Events after the Balance Sheet Date

The distribution of earnings was approved by the Company's Board of Directors on March 12, 2024. Please refer to Note 6(15) for more details in relation to the distribution of earnings.

#### 12. Others

##### (1) Capital risk management

Since the Company should maintain massive amount of capital to support the needs for purchasing equipment. The Company's objectives when managing capital are to secure necessary financial resources and operating plans to meet the needs of operating funds for the next 12 months, capital expenditure, debt repayment and dividend payment.

##### (2) Financial instruments

###### A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Financial assets</b>		
Financial asset measured at fair value through other comprehensive income - current		
Designation of equity instrument	\$ 17,220	\$ 19,560
Financial asset measured at fair value through other comprehensive income - non-current		
Designation of equity instrument	79,762	85,762

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets at amortised cost		
Cash and cash equivalents	79,090	83,392
Notes receivable (including related parties)	22,977	22,125
Accounts receivable (including related parties)	216,314	260,024
Guarantee deposits paid	13,527	14,796
Long term notes receivable (shown as other non-current assets)	2,151	4,732
Other financial assets (shown as other non-current assets)	<u>1,440</u>	<u>1,920</u>
	<u>\$ 432,481</u>	<u>\$ 492,311</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 120,000	\$ 50,000
Notes payable (including related parties)	128,133	129,699
Accounts payable (including related parties)	88,874	108,371
Other accounts payable (including related parties)	80,328	80,210
Long-term borrowings (including current portion)	275,980	259,458
Guarantee deposits received	<u>3,830</u>	<u>3,730</u>
	<u>\$ 697,145</u>	<u>\$ 631,468</u>
Lease liabilities (including current portion)	<u>\$ 18,600</u>	<u>\$ 26,166</u>

#### B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts, are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) The Company's significant financial activities are reviewed by the Board of Directors in accordance with related regulations and internal control system. In the period of executing financial plan, the Company should follow related financial operational procedures in relation to whole financial risk management and separation of rights and responsibilities.

#### C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

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

					December 31, 2023
		Foreign currency			
(Foreign currency: functional currency)		amount (In thousands)	Exchange rate	Book value (NTD)	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	1,000	30.71	\$	30,710

					December 31, 2022
		Foreign currency			
(Foreign currency: functional currency)		amount (In thousands)	Exchange rate	Book value (NTD)	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	1,000	30.71	\$	30,710

- ii. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to (\$1,371) and \$73, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

				Year ended December 31, 2023
				Sensitivity analysis
(Foreign currency: functional currency)		Degree of variation	Effect on profit or loss (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD		1%	\$	307

				Year ended December 31, 2022
				Sensitivity analysis
(Foreign currency: functional currency)		Degree of variation	Effect on profit or loss (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD		1%	\$	307

### Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and 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 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased all were \$0, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$970 and \$1,053, 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

- i. The Company's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. For borrowings held by the Company at floating rates which was not expected to have significant changes, there were no significant risks in floating rates.

### **(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 company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' 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 following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- vi. The Company classifies customer's accounts receivable in accordance with credit risk on trade. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.
- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Company's written-off financial assets that are still under recourse procedures amounted to \$5 and \$324, respectively.
- viii. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable and contract assets. On December 31, 2023 and 2022, the loss rate methodology is as follows:

	Individual	Group	Total
<u>December 31, 2023</u>			
Expected loss rate	100%	0.05%~6.17%	
Total book value	\$ -	\$ 267,694	\$ 267,694
Loss allowance	\$ -	\$ -	\$ -
	Individual	Group	Total
<u>December 31, 2022</u>			
Expected loss rate	100%	0.08%~74.87%	
Total book value	\$ -	\$ 299,032	\$ 299,032
Loss allowance	\$ -	\$ -	\$ -

- ix. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2023
	Accounts receivable
At January 1	\$ -
Provision for impairment loss	5
Amounts written off due to irrecoverability	(5)
At December 31	\$ -
	2022
	Accounts receivable
At January 1	\$ 324
Amounts written off due to irrecoverability	(324)
At December 31	\$ -

The Company's impairment loss of accounts receivable all arose from customers' contract.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by the Company treasury. The Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Expiring within one year	\$ 342,373	\$ 284,000
Expiring beyond one year	-	-
	<u>\$ 342,373</u>	<u>\$ 284,000</u>

- iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled 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 and to the expected maturity date for derivative financial liabilities.

December 31, 2023	Less than one year	Over one year	Total
<b><u>Non-derivative financial liabilities:</u></b>			
Short-term borrowings	\$ 120,000	\$ -	\$ 120,000
Notes and accounts payable (including related parties)	217,007	-	217,007
Other payables (including related parties)	80,328	-	80,328
Lease liabilities (including current portion)	9,689	9,293	18,982
Long-term borrowings (including current portion)	49,031	243,448	292,479
Guarantee deposits received	3,830	-	3,830
December 31, 2022	Less than one year	Over one year	Total
<b><u>Non-derivative financial liabilities:</u></b>			
Short-term borrowings	\$ 50,000	\$ -	\$ 50,000
Notes and accounts payable (including related parties)	238,070	-	238,070
Other payables (including related parties)	80,210	-	80,210
Lease liabilities (including current portion)	11,037	15,792	26,829
Long-term borrowings (including current portion)	93,016	181,415	274,431
Guarantee deposits received	3,730	-	3,730

- iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### **(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 investment in listed stocks and beneficiary certificates is 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. The fair value of the Company's investment in derivative instruments is included in Level 2.

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, long-term notes receivable (including related parties), guarantee deposits paid, other financial assets, short-term borrowings, notes payable (including related parties), accounts payable (including related parties) and other payables (including related parties), lease liabilities (including current portion), long-term borrowings (including current portion) and guarantee deposits received) approximate to their fair values.
- C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets at December 31, 2023 and 2022 are as follows:
- (a) The related information of natures of the assets 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	\$ 17,220	\$ -	\$ 79,762	\$ 96,982	
	<u>\$ 17,220</u>	<u>\$ -</u>	<u>\$ 79,762</u>	<u>\$ 96,982</u>	

	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	\$ 19,560	\$ -	\$ 85,762	\$ 105,322	
	<u>\$ 19,560</u>	<u>\$ -</u>	<u>\$ 85,762</u>	<u>\$ 105,322</u>	

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

- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price
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.

- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
  - iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.
  - v. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
  - vi. 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 consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
  - vii. 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. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023
At January 1	
Sold in the year	
At December 31	<u>79,762</u>
	2022
At January 1	
Gains and losses recognised in other comprehensive income	
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	( 7,437)
At December 31	<u>85,762</u>

- F. Financial 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 source 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.
- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
<b>Non-derivative equity instrument:</b>					
Unlisted shares	\$ 79,762	Discounted cash flow	Weighted average cost of capital	4.16%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
<b>Non-derivative equity instrument:</b>					
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 6,000	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	79,762	Discounted cash flow	Weighted average cost of capital	4.16%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2023			
		<u>Recognised in other comprehensive income</u>			
		<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets					
Equity instruments	Discount for lack of marketability, weighted average cost of capital		±1	\$ 798	(\$ 798)

		December 31, 2022			
		<u>Recognised in other comprehensive income</u>			
		<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets					
Equity instruments	Discount for lack of marketability, weighted average cost of capital		±1	\$ 858	(\$ 858)

### 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 \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$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 \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods:

The transaction nature and contract information of derivative instruments held by the subsidiary, Sea & Land Wine, are as follows:

<u>Items</u>	<u>December 31, 2023</u>
Current items:	
Financial liabilities at fair value through profit or loss	\$ 25

(a) For the year ended December 31, 2023, Sea & Land Wine had recognised net profit or loss in financial liabilities held for trading in the amount of (\$27).

(b) The nature of derivative instruments transaction and contract information are as follows:

	<u>December 31, 2023</u>	
<u>Financial instruments</u>	<u>Contract amount</u>	<u>Expiry date</u>
	<u>(Notional principal)</u>	
Forward foreign exchange contracts	EUR 140 thousand	2024.01.12

Sea & Land Wine entered into forward foreign exchange contracts to buy foreign currency (sell NTD buy EUR/GBP) to hedge exchange rate risk of import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

J. Significant inter-company transactions during the reporting periods: The amount was not significant.

(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

None.

(4) Major shareholders information: Please refer to table 4.

14. Operating Segment Information

Not applicable.

**SEA & LAND INTEGRATED CORP.**  
**STATEMENT OF CASH AND CASH EQUIVALENTS**  
**DECEMBER 31, 2023**  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash on hand		\$ 1,428
Revolving funds		3,110
Bank deposits		
– Checking deposits		229
– Demand deposit	Included USD 128 thousand, exchange rate 30.71 EUR 2 thousand, exchange rate 33.98 JPY 49,736 thousand, exchange rate 0.2172	74,323
		<u>79,090</u>

**SEA & LAND INTEGRATED CORP.**  
**STATEMENT OF ACCOUNTS RECEIVABLE**  
**DECEMBER 31, 2023**  
 (Expressed in thousands of New Taiwan dollars)

Client name	Description	Amount	Note
Jing Ming Transportation Co., Ltd.		\$ 30,481	
JFE Engineering Corporation Taiwan Branch (Japan)		25,630	
Hapag-Lloyd (Taiwan) Ltd		20,602	
Ctci Corporation		9,965	
China Cosco Shipping Co., Ltd. (Taiwan)		9,608	
Others		<u>119,644</u>	The balance of each customer has not exceeded 5% of accounts receivable.
Subtotal		<u>215,930</u>	
Less: Allowance for doubtful accounts		<u>-</u>	
Accounts receivable, net		<u><u>\$ 215,930</u></u>	

SEA & LAND INTEGRATED CORP.  
STATEMENT OF ACCOUNTS RECEIVABLE(1)  
DECEMBER 31, 2023

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

Client name	Description	Amount	Note
Giant Heavy Machinery Service Corp.		\$ 24	
Giant Heavy Machinery			
Transportation Service Corp.		19	
Ever Glory Transportation Inc.		315	
Sea & Land Wine & Spirits			
Incorporation		26	
		<hr/>	
		\$ 384	

**SEA & LAND INTEGRATED CORP.**  
**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Expressed in thousands of New Taiwan dollars)

Name	Beginning balance			Addition			Decrease			Ending balance			Market value or net assets value	
	Number of shares	Amount	Number of shares	Amount	(Note)	Number of shares	Amount	(Note)	Percentage of ownership	Amount	Price (in dollar)	Total price	Evaluation basis	Collateral
Eternal Full Enterprise Ltd.	-	\$ 117,737	-	\$ 7,275	-	( \$ 2,877)	-	-	100.00	\$ 122,135	\$ -	\$ 122,135	Equity method	None
New An-Ho Gas Co., Ltd.	7,800	90,331	-	219	-	( 44)	7,800	100.00	90,506	11.60	90,506	"	"	"
Sea & Land Wine & Spirits Incorporation	4,418	76,588	1,105	6,674	-	( 9,256)	5,523	55.23	74,006	13.40	74,006	"	"	"
Sea & Land Sinogreenenergy Inc.	1,604	17,268	-	-	-	( 1,622)	1,604	75.00	15,646	9.75	15,646	"	"	"
Chiayi New Energy Co., Ltd.	1,955	14,517	-	-	-	( 542)	1,955	77.27	13,975	7.15	13,975	"	"	"
Giant Heavy Machinery Service Corp.	8,800	247,017	4,379	165,880	-	( 31,107)	13,179	28.92	381,790	28.97	381,790	"	"	"
Denzai Sea & Land Corporation	100	<u>302</u>	-	<u>\$ 180,048</u>	-	<u>( 302)</u>	<u>100</u>	<u>50.00</u>	<u>\$ 698,058</u>	-	<u>\$ 698,058</u>	-	<u>\$ 698,058</u>	<u>"</u>

Note: The amount includes the shares of profits and losses of subsidiaries, associates and joint ventures accounted for using equity method, exchange differences on translation of foreign financial statements, increase or decrease in investment costs, dividends received, changes in the proportion of long-term equity investment, disposal and liquidation losses, etc.

**SEA & LAND INTEGRATED CORP.**  
**STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Collateral	Note
Land	\$ 363,510	-	\$ -	\$ 363,510	-	Details are provided in Note 8
Buildings and structures	266,576	-	-	266,576	"	"
Machinery and equipment	9,450	5,504	-	14,954	"	"
Transportation equipment	938,259	45,217	( 34,799)	948,677	"	"
Rental assets	137,142	-	-	137,142	"	"
Office equipment	15,101	1,537	( 124)	16,514	"	"
Others	8,306	1,357	( 457)	9,206	"	"
Unfinished construction and equipment under acceptance	90,234	86,358	-	176,592	"	"
	<u>\$ 1,828,578</u>	<u>\$ 139,973</u>	<u>(\$ 35,380)</u>	<u>\$ 1,933,171</u>		

SEA & LAND INTEGRATED CORP.  
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023

Item	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Collateral</u>	<u>Note</u>
Buildings and structures	\$ 123,583	\$ 6,606	\$ -	\$ 130,189		Details are provided in Note 8
Machinery and equipment	9,450	46	- 9,496			"
Transportation equipment	401,590	71,790 (	34,403)	438,977		"
Rental assets	29,227	8,601	- 37,828			"
Office equipment	11,909	1,210 (	124)	12,995		"
Others	4,947	1,091 (	457)	5,581		"
	<u><u>\$ 580,706</u></u>	<u><u>\$ 89,344</u></u>	<u><u>(\$ 34,984)</u></u>	<u><u>\$ 635,066</u></u>		

**SEA & LAND INTEGRATED CORP.**  
**STATEMENT OF SHORT-TERM BORROWINGS**  
**DECEMBER 31, 2023**  
 (Expressed in thousands of New Taiwan dollars)

Nature	Description	Ending balance	Contract period	Interest rate	Credit line	Collateral	Note
Unsecured borrowings	First Commercial Bank Xizhi Branch	\$ 30,000	2023/12/13-2024/01/12	1.850%	\$ 100,000	Line of credit "	
	Mega International Commercial Bank Shuangho Branch	30,000	2023/12/12-2024/01/11	1.850%	70,000		
Secured borrowings	Bank of Taiwan Xizhi Branch	30,000	2023/12/12-2024/01/11	1.850%	60,000	Property, plant and equipment "	
	Taiwan Cooperative Bank Keelung Branch	30,000	2023/12/12-2024/01/11	1.903%	100,000		

SEA & LAND INTEGRATED CORP.  
STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Ending balance			Contract period	Interest rate	Collateral	Note
		Current portion	Non-current portion	Total				
<b>Long-term bank borrowings</b>								
Hua Nan Commercial Bank, Ltd.	Secured borrowings	\$ -	\$ 30,000	\$ 30,000	2023/6/2-2025/6/2	2.040%	Property, plant and equipment	"
Hua Nan Commercial Bank, Ltd.	Secured borrowings	\$ -	\$ 50,000	\$ 50,000	2023/12/20-2025/12/20	2.040%		
<b>Installment borrowings</b>								
Bank of Taiwan	Secured borrowings	9,000	-	9,000	2019/08/08-2024/08/08	2.0349%	Property, plant and equipment	"
Bank of Taiwan	Secured borrowings	7,800	11,700	19,500	2021/04/12-2026/04/12	2.0349%		
Bank of Taiwan	Secured borrowings	14,400	46,800	61,200	2023/02/24-2028/02/24	2.0349%		
First Commercial Bank Xizhi Branch	Secured borrowings	4,800	56,400	61,200	2021/07/27-2036/07/27	1.990%		
Hua Nan Commercial Bank, Ltd.	Secured borrowings	7,840	37,240	45,080	2022/07/05-2029/07/05	2.19%		
		\$ 43,840	\$ 232,140	\$ 275,980				

**SEA & LAND INTEGRATED CORP.**  
**STATEMENT OF OPERATING REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Net sales revenue	7,476,368.48 liters	\$ 193,334	
Net rental revenue		32,479	
Warehousing revenue		4,063	
Less: Discount and allowance on warehousing revenue		-	
Net warehousing revenue		4,063	
Transportation revenue		842,231	
Less: Discount and allowance on transportation revenue	(	9,926)	
Net transportation revenue		832,305	
Machinery transportation and hoisting revenue		565,705	
Less: Discount and allowance on machinery transportation and hoisting revenue		-	
Net machinery transportation and hoisting revenue		565,705	
		\$ 1,627,886	

**SEA & LAND INTEGRATED CORP.**  
**STATEMENT OF OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Cost of goods sold			
Beginning inventories		\$ 2,268	
Add: inventories purchased for the year		171,719	
Less: Ending inventories		( 1,861)	
Cost of goods sold		<u>172,126</u>	
Cost of rental sales			
Depreciation expense		9,943	
Others		1,019	
		<u>10,962</u>	
Cost of warehousing sales			
Wages and salaries		1,687	
Depreciation expense		1,891	
Others		1,469	
		<u>5,047</u>	
Cost of transportation sales			
Freight		345,785	
Wages and salaries		115,143	
Diesel fee		135,642	
Depreciation expense		61,266	
Others		87,330	
		<u>745,166</u>	
Cost of machinery transportation and hoisting sales			
Cost of engineering sales		222,425	
Stevedorage & cargo charges		27,254	
Freight		86,213	
Wages and salaries		47,492	
Depreciation expense		18,933	
Customs clearance fee		855	
Cost of hoisting sales		32,218	
Others		47,043	
		<u>482,433</u>	
Total operating cost		\$ 1,415,734	

**SEA & LAND INTEGRATED CORP.**  
**STATEMENT OF OPERATING EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Expressed in thousands of New Taiwan dollars)

Item	Selling expenses	General and administrative expenses	Total
Wages and salaries	\$ 26,122	\$ 47,817	\$ 73,939
Service expense	-	8,101	8,101
Depreciation expense	3,887	4,299	8,186
Entertainment expense	550	7,369	7,919
Insurance expense	2,742	3,744	6,486
Other expenses	19,318	17,763	37,081
<b>Total</b>	<b>\$ 52,619</b>	<b>\$ 89,093</b>	<b>\$ 141,712</b>

SEA & LAND INTEGRATED CORP.  
SUMMARY STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION EXPENSES BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Nature	Function	2023		2022	
		Classified as operating costs	Total	Classified as operating costs	Classified as operating expenses
Employee benefit expense					
Wages and salaries		\$ 164,322	\$ 67,171	\$ 231,493	\$ 63,742
Labour and health insurance fees		15,806	6,179	21,985	16,307
Pension costs		8,433	2,289	10,722	9,270
Directors' remuneration		-	6,768	6,768	-
Other personnel expenses		4,257	3,801	8,058	4,142
Depreciation expense		92,033	8,186	100,219	82,883
Amortisation expense		-	417	417	-
					440

Note:

1. As at December 31, 2023 and 2022, the number of the Company's employees were 278 and 278, including 7 and 7 non-employee directors, respectively.  
2. For the entity that its shares are listed on the Taiwan Stock Exchange or traded in the Taipei Exchange, the following additional disclosures are required:

(1) The average employee benefit expense for the current year was \$1,005 thousand ('total employee benefit expense for the current year – total directors' remuneration / 'the number of employees in the current year – the number of non-employee directors').  
The average employee benefit expense for the previous year was \$1,042 thousand ('total employee benefit expense for the previous year – total directors' remuneration' / 'the number of employees in the previous year – the number of non-employee directors').

(2) The average employee salaries and wages for the current year was \$854 thousand (total salaries and wages for the current year / 'the number of employees in the current year - the number of non-employee directors').  
The average employee salaries and wages for the previous year was \$888 thousand (total salaries and wages for the previous year / 'the number of employees in the previous year - the number of non-employee directors').

(3) The variation in the adjustments of the average employee salaries and wages was -3.83% ('the average employee salaries and wages for the current year -

the average employee salaries and wages for the previous year' / 'the average employee salaries and wages for the previous year').

**SEA & LAND INTEGRATED CORP.**  
**SUMMARY STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION EXPENSES BY FUNCTION(COUNTINUE)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Expressed in thousands of New Taiwan dollars)

3. Please disclose the company's remuneration policy (including directors, managers and employees)

(1) Directors' remuneration

In accordance with the Article 31 of Incorporation of the Company, if the Company has any profit for the current year, the Company shall distribute no higher than 5% as directors' remuneration.

(2) The general manager's, vice general manager's and manager's emoluments

In accordance with the Company's salary assignment, the salary is determined based on the duties and responsibilities for the employees and would be reviewed and adjusted in time by taking into consideration the employees' contribution to the Company and the Company's operating results.

(3) General employees' compensation

For tractor drivers, as the salary was paid mainly based on the "pay by trips", the calculation of drivers' allowance is based on the relevant standards and would be reviewed and adjusted in time by taking into consideration the impacts of changes in the working environment, the Company's operating results and the benchmark of the industry.

In accordance with the Company's salary assignment, the salary is determined based on the duties and workload for the employees and would be reviewed and adjusted in time by taking into consideration the employees' contribution to the Company and the Company's operating results.

(4) Year-end bonus and employees' compensation

Year-end bonus: Monthly contributed 16% to 21% for year-end bonus, then reviewed whether the bonus should be adjusted based on the operating performance and financial situation quarterly or at the end of the year. Year-end bonus is paid in accordance with the segments' performance and the employees' performance assessment.

Employees' compensation (bonus): In accordance with the Company's Article of Incorporation, if the Company has any profit for the current year, the Company shall distribute 5% as employees' compensation and the target are the general manager, vice general manager and managers. For the general employees, the compensation is paid in accordance with the method of employee compensation approved by the Remuneration Committee.

## **Representation Letter**

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Sea & Land Integrated Corp. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2023 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of Sea & Land Integrated Corp. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. In addition, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, Sea & Land Integrated Corp. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,  
Sea & Land Integrated Corp.  
By

Ying-Jin Ho, Chairman  
March 12, 2024

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Sea & Land Integrated Corp.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Sea & Land Integrated Corp. and its subsidiaries (the "Group") as of 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, based on our audits and the reports of other auditors (please refer to the *Other matter* section), 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:

### **Machinery transportation and hoisting revenue recognition - assessment on the stage of completion**

#### **Description**

The Group's machinery transportation and hoisting revenue amounted to NT\$ 565,705 thousand, constituting 31.37 % of operating revenue for the year ended December 31, 2023. Refer to Note 4(31) for the accounting policy on revenue recognition; Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to revenue recognition and Note 6(19) for details.

The Group's heavy machinery transportation and hoisting revenue is calculated by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. The stage of completion of a construction contract is measured by the proportion of contract costs incurred for the construction performed as of the financial reporting date to the estimated total costs for the construction contract. The aforementioned estimated total costs are assessed based on the estimated construction projects, which are planned for the heavy machinery transportation and hoisting services engaged by the client, and the price fluctuations in the market to estimate the costs for each construction activity such as estimated subcontract charges and material and labour expenses.

Given that the estimate of total cost affects the stage of completion and the recognition of revenue, and the complexity of aforementioned total cost estimation usually

involves subjective judgement and contains a high degree of uncertainty, we consider the assessment on the stage of completion applied on revenue recognition a key audit matter.

#### How our audit addressed the matter

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

1. Obtained an understanding on the nature of the Group's business and industry, and assessed the consistency of the estimate method and the internal process applied to estimate total cost, including the process for estimating the costs for each construction project (subcontract charges and material and labour expenses) that is planned for the heavy machinery transportation and hoisting services engaged by the client.
2. Assessed and tested the internal controls used by the management to recognise revenue based on the stage of completion, including checking the supporting documents of additional or reduced constructions and significant constructions performed in the period.
3. Performed onsite observations of or inquired into major construction projects still in progress at the year end.
4. Performed substantive procedures relating to the year-end construction profit or loss statement, including sampling and verifying the costs incurred in the period against the appropriate evidence, verifying the additional or reduced constructions in the period against the supporting documents and recalculating and confirming that construction revenue calculated based on the stage of completion had been accounted for appropriately.

#### **Impairment assessment of accounts receivable**

##### Description

The Group's net accounts receivable amounted to NT\$ 223,819 thousand, constituting 7.99 % of total assets as at December 31, 2023. Refer to Notes 4(10) and (11) for accounting policies, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to accounts receivable, and Note 6(5) for details.

The Group manages the collections of accounts receivable and overdue accounts and takes on relevant credit risk. The management periodically assesses the credit quality and collection status of customers, and adjusts the credit policies for customers in due course. In addition, impairment assessment of accounts receivable was implemented in accordance with IFRS 9 using the simplified approach to estimate expected credit losses. The management uses the ageing of receivables as of the balance sheet date and the payment history of an individual customer, financial position and economic situation of the customer and many other factors that would affect the payment ability of the customer as well as includes the forward-looking information to assess the default possibility of accounts receivable.

Given that the amount of accounts receivable was material, and the determination of loss rates was subjected to the management's judgement, we consider the estimates of expected credit losses on accounts receivable a key audit matter.

#### How our audit addressed the matter

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

1. Obtained an understanding of the Group's credit quality control policy in order to evaluate the reasonableness of the Group's expected credit loss provision policies and procedures on accounts receivable.
2. Assessed the appropriateness of provision rate of allowance for accounts receivable through referring to historical loss rate and taking into consideration the forecastability, and obtained and examined relevant data provided by the management.
3. Tested changes in the ageing of accounts receivable and checked the supporting documents relating to due dates of accounts receivable to ascertain the accuracy of the classification for accounts receivable aging.
4. Identified the reasons of past due accounts, examined the subsequent collections and discussed the adequacy of expected credit loss provision policies with the management, in particular for accounts receivable that are individually assessed to be material.

### ***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and an associate and the information disclosed in Note 13, is based solely on the reports of the other auditors. Total assets, including the investments accounted for using the equity method, of those consolidated subsidiaries and an associate amounted to NT\$ 108,828 thousand and NT\$ 109,798 thousand, constituting 3.88% and 4.20% of the consolidated total assets as of December 31, 2023 and 2022, respectively, total operating revenues amounted to NT\$ 1,859 thousand and NT\$ 1,945 thousand, constituting 0.10% and 0.10% of the consolidated total operating revenues for the years then ended, respectively, and the comprehensive income (loss) recognised from investments accounted for using the equity method amounted to NT(\$302) thousand and NT(\$305) thousand, constituting (0.15%) and (0.16%) of the consolidated total comprehensive income for the years then ended, respectively.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Sea & Land Integrated Corp. 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 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.

Hsu, Ming-Chuan

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 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.

**SEA & LAND INTEGRATED CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022	
		AMOUNT	%	AMOUNT	%
<b>Current assets</b>					
1100	Cash and cash equivalents 6(1)	\$ 117,949	4	\$ 175,280	7
1110	Financial assets at fair value through profit or loss - current 6(2)	-	-	2	-
1120	Financial assets at fair value through other comprehensive income - current 6(3)	17,340	1	19,680	1
1136	Financial assets at amortised cost - current 6(4) and 8	32,567	1	32,529	1
1140	Contract assets - current 6(19)	31,424	1	22,969	1
1150	Notes receivable, net 6(5)	21,705	1	27,612	1
1160	Notes receivable - related parties 7	2,637	-	2,637	-
1170	Accounts receivable, net 6(5)	223,461	8	266,837	10
1180	Accounts receivable - related parties 7	358	-	3,428	-
1220	Current income tax assets 6(27)	-	-	1,998	-
130X	Inventories 6(6)	178,911	6	84,319	3
1410	Prepayments	51,361	2	53,063	2
1470	Other current assets	1,940	-	1,719	-
11XX	<b>Total current assets</b>	<u>679,653</u>	<u>24</u>	<u>692,073</u>	<u>26</u>
<b>Non-current assets</b>					
1517	Financial assets at fair value through other comprehensive income - non-current 6(3)	79,762	3	85,762	3
1550	Investments accounted for under equity method 6(7)	381,790	14	247,319	10
1600	Property, plant and equipment 6(8) and 8	1,440,576	51	1,392,898	53
1755	Right-of-use assets 6(9) and 7	48,993	2	59,383	2
1760	Investment property - net 6(11) and 8	84,787	3	83,084	3
1780	Intangible assets	406	-	134	-
1840	Deferred income tax assets 6(27)	12,868	-	11,705	1
1900	Other non-current assets 7 and 8	<u>73,698</u>	<u>3</u>	<u>43,864</u>	<u>2</u>
15XX	<b>Total non-current assets</b>	<u>2,122,880</u>	<u>76</u>	<u>1,924,149</u>	<u>74</u>
1XXX	<b>Total assets</b>	<u>\$ 2,802,533</u>	<u>100</u>	<u>\$ 2,616,222</u>	<u>100</u>

(Continued)

**SEA & LAND INTEGRATED CORP. 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	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12) and 8	\$ 203,350	7	\$ 50,500	2
2120	Financial liabilities at fair value through profit or loss - current	6(2)	25	-	-	-
2130	Contract liabilities - current	6(19)	7,451	-	21,380	1
2150	Notes payable		107,193	4	108,773	4
2160	Notes payable - related parties	7	20,858	1	20,839	1
2170	Accounts payable		90,564	3	107,716	4
2180	Accounts payable - related parties	7	7,487	-	14,810	1
2200	Other payables	6(13)	94,679	3	111,814	4
2220	Other payables - related parties	7	188	-	373	-
2230	Current income tax liabilities	6(27)	9,734	-	23,405	1
2280	Lease liabilities - current	6(9) and 7	11,259	1	12,731	1
2320	Long-term liabilities, current portion	6(14) and 8	43,840	2	88,875	3
2399	Other current liabilities, others		1,742	-	1,659	-
21XX	<b>Total current liabilities</b>		<u>598,370</u>	<u>21</u>	<u>562,875</u>	<u>22</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(14) and 8	232,140	8	170,583	6
2570	Deferred income tax liabilities	6(27)	35,723	1	35,285	1
2580	Lease liabilities - non-current	6(9) and 7	10,169	1	17,162	1
2600	Other non-current liabilities	6(15)	16,605	1	18,770	1
25XX	<b>Total non-current liabilities</b>		<u>294,637</u>	<u>11</u>	<u>241,800</u>	<u>9</u>
2XXX	<b>Total liabilities</b>		<u>893,007</u>	<u>32</u>	<u>804,675</u>	<u>31</u>
<b>Equity attributable to owners of parent</b>						
	Share capital	6(16)				
3110	Common stock		1,048,766	37	1,048,766	40
	Capital surplus	6(17)				
3200	Capital surplus		87,926	3	83,363	3
	Retained earnings	6(18)				
3310	Legal reserve		238,556	9	218,155	8
3320	Special reserve		85,415	3	66,693	3
3350	Unappropriated retained earnings		468,934	17	405,755	15
	Other equity interest					
3400	Other equity interest		( 91,508 )	( 3 )	( 85,415 )	( 3 )
31XX	<b>Total equity attributable to owners of the parent</b>		<u>1,838,089</u>	<u>66</u>	<u>1,737,317</u>	<u>66</u>
36XX	Non-controlling interest		<u>71,437</u>	<u>2</u>	<u>74,230</u>	<u>3</u>
3XXX	<b>Total equity</b>		<u>1,909,526</u>	<u>68</u>	<u>1,811,547</u>	<u>69</u>
	Significant contingent liabilities and unrecognised contract commitments	6(9)(10) and 9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,802,533</u>	<u>100</u>	<u>\$ 2,616,222</u>	<u>100</u>

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

**SEA & LAND INTEGRATED CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 1,803,062	100	\$ 1,957,328	100
5000	Operating costs	6(20)(25)(26) and 7	( 1,529,408)	( 85)	( 1,642,821)	( 84)
5900	Gross profit		273,654	15	314,507	16
Operating expenses		6(25)(26) and 7				
6100	Selling expenses		( 66,166)	( 4)	( 71,391)	( 3)
6200	General and administrative expenses		( 119,294)	( 6)	( 115,319)	( 6)
6450	Expected credit impairment loss		( 5)	-	-	-
6000	Total operating expenses		( 185,465)	( 10)	( 186,710)	( 9)
6900	Operating profit		88,189	5	127,797	7
Non-operating income and expenses						
7100	Interest income	6(21)	1,287	-	717	-
7010	Other income	6(22) and 7	24,842	1	35,150	2
7020	Other gains and losses	6(23)	4,989	-	( 2,619)	-
7050	Finance costs	6(24)	( 5,421)	-	( 4,979)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)				
			113,406	6	91,256	4
7000	Total non-operating revenue and expenses		139,103	7	119,525	6
7900	<b>Profit before income tax</b>		227,292	12	247,322	13
7950	Income tax expense	6(27)	( 19,673)	( 1)	( 31,074)	( 2)
8200	<b>Profit (loss) for the year</b>		\$ 207,619	11	\$ 216,248	11
Other comprehensive (loss) income						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	(Loss) gain on remeasurements of defined benefit plans	6(15)	( \$ 285)	-	\$ 5,588	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other	6(3)	2,158	-	( 31,750)	( 1)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(7)	122	-	496	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	57	-	( 1,118)	-
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		2,052	-	( 26,784)	( 1)
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		( 2,877)	-	4,985	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		( 2,877)	-	4,985	-
8300	<b>Other comprehensive loss for the year</b>		( \$ 825)	-	( \$ 21,799)	( 1)
8500	<b>Total comprehensive income for the year</b>		\$ 206,794	11	\$ 194,449	10
Profit attributable to:						
8610	Owners of the parent		\$ 202,909	10	\$ 198,504	10
8620	Non-controlling interest		4,710	1	17,744	1
	Comprehensive income attributable to:		\$ 207,619	11	\$ 216,248	11
8710	Owners of the parent		\$ 202,084	11	\$ 176,705	9
8720	Non-controlling interest		4,710	-	17,744	1
	Basic earnings per share	6(28)	\$ 1.93		\$ 1.89	
9750	Basic earnings per share					
Diluted earnings per share		6(28)				
9850	Diluted earnings per share		\$ 1.92		\$ 1.88	

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

SEA & LAND INTEGRATED CORP AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
 YEARS ENDED DECEMBER 31, 2023 AND 2022  
 (Expressed in thousands of New Taiwan dollars)

Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity interest		Total equity
							Retained earnings	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<b>Year 2022</b>									
Balance at January 1, 2022	\$ 806,743	\$ 86,902	\$ 144,107	\$ 66,693	\$ 840,515	(\$ 31,929 )	\$ 1,887,022	\$ 60,036	\$ 1,947,058
Profit for the year	-	-	-	-	198,504	-	193,504	17,744	216,248
Other comprehensive income (loss) for the year	-	-	-	-	4,470	( 31,254 )	( 2,799 )	-	( 21,799 )
Total comprehensive income (loss)	-	-	-	-	202,974	( 31,254 )	176,705	17,744	194,449
Appropriations of 2021 earnings:									
Legal reserve	-	-	74,048	-	( 74,048 )	-	-	-	-
Cash dividend	-	242,023	-	-	( 322,697 )	-	-	( 322,697 )	-
Stock dividend	-	-	-	-	( 242,023 )	-	-	-	-
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	1,208	-	( 1,208 )	-	-
Changes in ownership interests in associates and joint venture for using equity method	-	( 3,539 )	-	-	( 174 )	-	-	( 3,713 )	-
6(7)(17)									( 3,713 )
Cash paid from non-controlling interest of liquidation of a subsidiary	-	-	-	-	-	-	-	( 171 )	( 171 )
Cash dividend paid to non-controlling interest by subsidiaries	-	-	-	-	-	-	-	-	-
Balance at December 31, 2022	<u>\$ 1,048,766</u>	<u>\$ 83,363</u>	<u>\$ 218,155</u>	<u>\$ 66,693</u>	<u>\$ 405,755</u>	<u>(\$ 26,944 )</u>	<u>(\$ 58,471 )</u>	<u>\$ 1,737,317</u>	<u>\$ 1,811,547</u>
<b>Year 2023</b>									
Balance at January 1, 2023	\$ 1,048,766	\$ 83,363	\$ 218,155	\$ 66,693	\$ 405,755	(\$ 26,944 )	(\$ 58,471 )	\$ 1,737,317	\$ 74,230
Profit for the year	-	-	-	-	202,909	( 228 )	( 2,877 )	2,280	( 825 )
Other comprehensive income (loss) for the year	-	-	-	-	( 202,681 )	( 2,877 )	2,280	2,280	( 825 )
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	( 825 )
Appropriations of 2022 earnings:									
Legal reserve	-	-	20,401	-	( 20,401 )	-	-	-	-
Special reserve	-	-	-	18,722	( 18,722 )	-	-	( 104,877 )	-
Cash dividend	-	-	-	( 104,877 )	-	-	-	-	-
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	4,498	-	( 4,498 )	-	-
Changes in ownership interests in associates and joint venture for using equity method	-	4,563	-	-	-	-	( 998 )	3,565	-
6(7)(17)									( 825 )
Cash dividend paid to non-controlling interest by subsidiaries	-	-	-	-	-	-	-	-	( 825 )
Balance at December 31, 2023	<u>\$ 1,048,766</u>	<u>\$ 87,926</u>	<u>\$ 238,556</u>	<u>\$ 85,415</u>	<u>\$ 468,934</u>	<u>(\$ 29,821 )</u>	<u>(\$ 61,687 )</u>	<u>\$ 1,838,089</u>	<u>\$ 71,437</u>

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

**SEA & LAND INTEGRATED CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 227,292	\$ 247,322
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation and miscellaneous disbursements	6(8)(9)(11)	112,756	102,334
Amortization expense	6(25)	417	440
Expected credit impairment loss	6(25)	5	-
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(23)	27	-
Gains on disposal of property, plant and equipment	6(23)	( 6,699 )	( 6,308 )
Gains arising from lease modification	6(23)	- ( 7 )	7 )
Share of profit of associates and joint ventures accounted for using equity method	6(7)	( 113,406 )	( 91,256 )
Allowance for inventory valuation losses	6(6)	2,209	3,468
Losses on disposal of investments	6(23)	-	3,976
Interest income	6(21)	( 1,287 )	( 717 )
Dividend income	6(22)	( 16,973 )	( 10,694 )
Interest expense	6(24)	5,421	4,979
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets - current		( 8,455 )	30,348
Notes receivable		5,907	4,611
Notes receivable - related parties		-	2,414
Accounts receivable		43,371	262,358
Accounts receivable - related parties		3,070 (	3,230 )
Other receivable - related parties		-	19
Inventories		( 96,801 )	( 18,356 )
Prepayments		1,702	12,564
Other current assets		( 163 )	2,967
Other non-current assets		480	-
Changes in operating liabilities			
Contract liabilities - current		( 13,929 )	19,033
Notes payable		( 700 ) (	107,878 )
Notes payable - related parties		18 (	28,496 )
Accounts payable		( 17,152 )	( 25,028 )
Accounts payable - related parties		( 7,323 )	4,543
Other payables		( 16,951 )	( 34,706 )
Other payables - related parties		( 185 )	( 7 )
Other current liabilities		83 (	1,542 )
Other non-current liabilities		( 553 )	( 589 )
Net defined benefit liabilities		( 2,193 )	( 2,404 )
Cash inflow generated from operations		99,988	370,158
Interest received		1,228	674
Dividend received		52,172	30,249
Interest paid		( 5,314 )	( 4,876 )
Income taxes paid		( 31,218 )	( 20,053 )
Net cash flows from operating activities		<u>116,856</u>	<u>376,152</u>

(Continued)

**SEA & LAND INTEGRATED CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at fair value through other comprehensive income	6(3)	\$ -	(\$ 34,935 )
Acquisition of financial assets at amortised cost		( 38 )	( 29 )
Acquisition of investments accounted for using equity method		( 52,172 )	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		10,498	15,364
Acquisition of property, plant and equipment	6(29)	( 145,342 )	( 346,423 )
Proceeds from disposal of property, plant and equipment		6,689	13,171
Acquisition of investment property	6(11)	( 6,274 )	-
Acquisition of intangible assets		( 689 )	( 232 )
Decrease in refundable deposits		2,100	433
(Increase) decrease in prepayments for business facilities		( 34,288 )	( 29,864 )
Decrease in other non-current assets		1,874	5,826
Net cash flows used in investing activities		( 217,642 )	( 316,961 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term borrowings	6(30)	876,293	50,000
Decrease in short-term borrowings	6(30)	( 723,443 )	( 14,552 )
Proceeds from long-term borrowings	6(30)	152,000	85,000
Repayments of long-term borrowings	6(30)	( 135,478 )	( 109,340 )
Increase in guarantee deposits received	6(30)	296	4,725
Lease principal repayment	6(30)	( 12,932 )	( 12,396 )
Decrease in other non-current liabilities	6(30)	- (	2,617 )
Cash dividends paid	6(18)	( 104,877 )	( 322,697 )
Cash paid from non-controlling interest of liquidation of a subsidiary		- (	171 )
Cash dividend paid to non-controlling interest by subsidiaries		( 7,503 )	( 3,379 )
Net cash flows from (used in) financing activities		44,356	( 325,427 )
Net effect of changes in foreign currency exchange rates		( 901 )	( 5,389 )
Net decrease in cash and cash equivalents		( 57,331 )	( 271,625 )
Cash and cash equivalents at beginning of year		175,280	446,905
Cash and cash equivalents at end of year		\$ 117,949	\$ 175,280

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

**SEA & LAND INTEGRATED CORP. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED 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**

Sea & Land Integrated Corp. (the “Company”) was incorporated as a company limited by shares 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 the container transportation, ship transportation, warehousing business, hoist and forklift installation, crane and hoist services, imports and exports of foreign wine and spirits, petrol and liquefied petroleum gas (LPG) station business, etc.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 12, 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®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)**

New standards, interpretations and amendments endorsed by 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 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 Group's financial condition and financial performance based on the Group'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 IFRS 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 Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) 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 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 subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Sea & Land Integrated Corp.	Eternal Full Enterprise Ltd. (Eternal Full)	Investment holding company	100.00	100.00	Note 2
Sea & Land Integrated Corp.	New An-Ho Gas Co., Ltd. (New An-Ho)	Real estate leases	100.00	100.00	Note 1
Sea & Land Integrated Corp.	Sea & Land Wine & Spirits Incorporation (Sea & Land Wine)	Imports and exports of foreign wine and spirits	55.23	55.23	-
Sea & Land Integrated Corp.	Sea & Land Sinogreenergy Inc. (Sea & Land Sino)	Non-utility electricity generation and energy technical services	75.00	75.00	-
Sea & Land Integrated Corp.	Chiayi New Energy Co.,Ltd. (Chiayi)	Renewable-energy-based electricity generation	77.27	77.27	Note 1
Eternal Full Enterprise Ltd. (Eternal Full)	Peace King Enterprise Co., Ltd. (Peace King)	Transportation and hoist equipment leasing	100.00	100.00	Note 4
Eternal Full Enterprise Ltd. (Eternal Full)	Glory Base Group Ltd. (Glory Base)	Crane and hoist services and planning, etc	100.00	100.00	-
Glory Base Group Ltd. (Glory Base)	CTY TNHH Sea And Land Formosa (Formosa)	Transportation and hoist equipment design, manufacturing and installments, etc.	100.00	100.00	Note 3

Note 1: Certain subsidiaries included in the consolidated financial statements for the years ended December 31, 2023 and 2022 were audited by other auditors.

Note 2: In September 2022 and March 2022, Eternal Full decreased its capital amounting to \$7,698 and \$19,607, respectively, and shares were fully reacquired in proportion to its ownership by the Company.

Note 3: In February 2022, Formosa increased its share capital at a total of \$27,831 and was fully subscribed by Glory Base.

Note 4: In September 2022, Peace King decreased its share capital amounting to \$7,698, and shares were fully reacquired in proportion to its ownership by Eternal Full.

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:

As of December 31, 2023 and 2022, the non-controlling interest amounted to \$71,437 and \$74,230, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest		Non-controlling interest	
		December 31, 2023	Ownership (%)	December 31, 2022	Ownership (%)
Sea & Land Wine	Taiwan	\$ 62,169	44.77%	\$ 64,262	44.77%

Summarised financial information of the subsidiaries:

#### Balance sheets

	Sea & Land Wine	
	December 31, 2023	December 31, 2022
Current assets	\$ 203,165	\$ 174,696
Non-current assets	44,230	45,962
Current liabilities	( 112,719)	( 80,645)
Non-current liabilities	( 1,167)	( 1,830)
Total net assets	\$ 133,509	\$ 138,183

#### Statements of comprehensive income

	Sea & Land Wine	
	Years ended December 31,	
	2023	2022
Revenue	\$ 149,511	\$ 214,188
Profit before income tax	15,126	51,062
Income tax expense	( 3,041)	( 10,222)
Profit for the year	12,085	40,840
Total comprehensive income for the year	\$ 12,085	\$ 40,840
Dividends paid to non-controlling interest	\$ 7,503	\$ 3,262

### Statements of cash flows

	Sea & Land Wine	
	Years ended December 31,	
	2023	2022
Net cash (used in) provided by operating activities	(\$ 122,077)	\$ 64,534
Net cash provided by (used in) investing activities	831	( 2,820)
Net cash provided by (used in) financing activities	64,046	( 20,868)
(Decrease) increase in cash and cash equivalents	( 57,200)	40,846
Cash and cash equivalents, beginning of year	71,083	30,237
Cash and cash equivalents, end of year	<u>\$ 13,883</u>	<u>\$ 71,083</u>

#### (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 Dollars , 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

- (a) The operating results and financial position of all the entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale.

(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 and cash equivalents

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

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

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
  - (a) 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.
  - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (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 amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) 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.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets that have a significant financing 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.

(12) Derecognition of financial assets

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

(13) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) 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 of completion and the estimated costs necessary to make the sale.

(15) Investments accounted for using equity method - associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' 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 Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. 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 Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Joint operation and investment accounted for using equity method - joint ventures

The Group accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(17) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- 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. Land is not depreciated. Other 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:

Buildings and structures	10 ~ 60 years
Machinery and equipment	4 ~ 20 years
Transportation equipment	2 ~ 16 years
Rental assets	9 ~ 16 years
Other equipment	4 ~ 20 years
Office equipment	4 ~ 9 years

(18) 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. 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; and
  - (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.

(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 24 years.

(20) Intangible assets

A. Licences

Separately acquired licences is stated at historical cost. Licences has a finite useful life and is amortised on a straight-line basis over their estimated useful lives of 20 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 3 years.

(21) 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.

(22) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(23) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, 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.

(24) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(25) Derecognition of financial liabilities

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

(26) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

**(27) 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.
- iii. Past service costs are recognised immediately in profit or loss.

**C. Termination benefits**

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

**D. 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.

(28) 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 Group operates and generates 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. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, 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.

(29) 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.

(30) 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.

(31) Revenue recognition

A. Sales of goods

The Group sells liquefied petroleum gas, wine and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Sales of services

(a) The Group provides machinery transportation and hoisting services. Revenue is calculated based on the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. The stage of completion of a contract is measured by the proportion of costs incurred for work performed to date to the estimated total costs for the construction contract. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Group provides container transportation services. If the outcome of a service transaction can be estimated reliably, revenue shall be recognised based on the stage of completion of the transaction at the balance sheet. Service revenue is recognised based on the proportion of the services performed to the total services to be performed according to the project nature. At the end of the period, the accumulated service revenue is calculated based on the proportion of the actual services performed, and the service revenue to be recognised for the current period is the accumulated service revenue after deducting the accumulated service revenue from the previous period.

(32) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(33) 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.

## **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; and the related information is addressed below:

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

None.

### **(2) Critical accounting estimates and assumptions**

#### **A. Revenue recognition**

Machinery transportation and hoisting revenue is calculated by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. The stage of completion of a construction contract is measured by the proportion of contract costs incurred for the construction performed as of the financial reporting date to the estimated total costs for the construction contract. The aforementioned estimated total costs are assessed based on the estimated construction projects planned for the heavy machinery transportation and hoisting services engaged by the client and the price fluctuations in the market to estimate the costs for each construction activity such as estimated subcontract charges and material and labor expenses. The estimate of total cost affects the stage of completion and the recognition of revenue, and the complexity of aforementioned total cost estimation usually involves subjective judgement and contains a high degree of uncertainty.

#### **B. Impairment assessment of accounts receivable**

Impairment assessment of accounts receivable was implemented in accordance with IFRS 9 using the expected credit loss model. The management uses the ageing of receivables as of the balance sheet date and the payment history of an individual customer, financial position and economic situation of the customer and many other factors that would affect the payment ability of the customer as well as includes the forward-looking information to assess the default possibility of accounts receivable and to assess whether accounts receivable would be considered impaired.

## **6. Details of Significant Accounts**

### **(1) Cash and cash equivalents**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 5,231	\$ 5,191
Checking accounts	233	344
Demand deposits	108,040	159,139
Time deposits	4,445	10,606
	<u>\$ 117,949</u>	<u>\$ 175,280</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group has no cash and cash equivalents pledged to others.

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

	December 31, 2023	December 31, 2022
Financial assets (liabilities) mandatorily measured at fair value through profit or loss		
Derivatives	(\$ 25)	\$ 2

- A. Amounts recognised in profit or loss in relation to financial assets (liabilities) at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial assets (liabilities) mandatorily measured at fair value through profit or loss		
Derivatives	(\$ 27)	\$ -

- B. The Group entered into contracts relating to derivative financial assets (liabilities) which were not accounted for under hedge accounting. The information is listed below:

Derivative financial instruments	December 31, 2023			December 31, 2022		
	Contract amount		Contract period	Contract amount		Contract period
	(Nominal principal	in thousands)		(Nominal principal	in thousands)	
Forward foreign exchange contracts	EUR	140	2024.01.12	GBP	205	2023.02.02

The Group entered into forward foreign exchange contracts to buy foreign currency (sell NTD buy EUR/GBP) to hedge exchange rate risk of import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2023	December 31, 2022
Current items:		
Equity instruments		
Listed stocks	\$ 38,290	\$ 38,290
Unlisted stocks	120	120
Valuation adjustment	(\$ 21,070)	(\$ 18,730)
	<u>\$ 17,340</u>	<u>\$ 19,680</u>

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 120,387	\$ 126,387
Valuation adjustment	(40,625)	(40,625)
	79,762	85,762
	\$ 97,102	\$ 105,442

- A. The Group has elected to classify listed stocks and unlisted stocks investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of current and non-current investments amounted to \$17,340, \$79,762, \$19,680 and \$85,762 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:

	Years ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 2,158	(\$ 31,750)
Cumulative gains reclassified to retained earnings due to derecognition	\$ 4,498	\$ 1,208
Dividend income recognised in profit or loss		
Held at end of period	\$ 15,173	\$ 10,694
Derecognised during the period	1,800	-
	\$ 16,973	\$ 10,694

- C. In August 2023, the Group disposed of 600 thousand shares of Century Heavy Industry International Co., Ltd. at \$17.55 per share.
- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Pledged time deposits maturing in excess of three months	\$ 32,567	\$ 32,529
A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:		
	Years ended December 31	
	2023	2022
Interest income	\$ 160	\$ 38

- B. 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 at amortised cost held by the Group was \$32,567 and \$32,529, respectively.
- C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

**(5) Notes and accounts receivable**

	December 31, 2023	December 31, 2022
Notes receivable	\$ 21,705	\$ 27,612
Accounts receivable	223,779	267,155
	245,484	294,767
Less: Allowance for uncollectible accounts	(318)	(318)
	<u>\$ 245,166</u>	<u>\$ 294,449</u>

- A. As of December 31, 2023 and 2022, 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	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 223,232	\$ 21,705	\$ 266,138	\$ 27,612
Up to 30 days	229	-	586	-
31 to ~ 90 days	-	-	82	-
91 to ~ 180 days	-	-	25	-
Over 180 days	318	-	324	-
	<u>\$ 223,779</u>	<u>\$ 21,705</u>	<u>\$ 267,155</u>	<u>\$ 27,612</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022 and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$244,287, \$293,888, and \$560,671, respectively.
- C. The Group has no notes receivable and accounts receivable pledged to others as collateral.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

**(6) Inventories**

	December 31, 2023	December 31, 2022
Merchandise inventory	\$ 190,424	\$ 93,623
Less: Allowance for inventory valuation losses	(11,513)	(9,304)
	<u>\$ 178,911</u>	<u>\$ 84,319</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31	
	2023	2022
Cost of goods sold	\$ 268,224	\$ 305,898
Loss on decline in market value	2,209	3,468
	<u>\$ 270,433</u>	<u>\$ 309,366</u>

(7) Investments accounted for using equity method

	2023	2022
At January 1	\$ 247,319	\$ 178,429
Addition of investments accounted for using equity method	52,172	-
Share of profit or loss of investments accounted for using equity method	113,406	91,256
Earnings distribution of investments accounted for using equity method	(35,199)	(19,555)
Changes in retained earnings	-	(174)
Changes in capital surplus	4,563	(3,539)
Deferred benefits	406	406
Changes in other equity items	(877)	496
At December 31	<u>\$ 381,790</u>	<u>\$ 247,319</u>

Investment details are as follows:

	December 31, 2023	December 31, 2022
Associates:		
Giant Heavy Machinery Service Corp. (Giant Heavy Machinery)	\$ 381,790	\$ 247,017
Joint ventures:		
Denzai Sea & Land Corporation (Denzai Sea & Land)	\$ -	\$ 302

A. Associates

(a) The basic information of the Group's associates is as follows:

Company name	Principal place of business	Ownership (%)			Nature of relationship	Methods of measurement
			December 31, 2023	December 31, 2022		
Giant Heavy Machinery	Taiwan	28.92%	31.92%		Strategy investments	Equity method

- i. On June 9, 2022, a meeting of the Board of Directors of Giant Heavy Machinery resolved the appropriation of 2021 earnings and issuing new shares through capitalisation of employee compensation amounting to 7,565 thousand shares. In addition, the effective date was set on July 10, 2022. The capital increase had been approved by the competent authority and was completed on August 2, 2022. After the capital increase, the Group's shareholding ratio has declined from 32.59% to 31.92%.
- ii. On July 11, 2023, the Board of Directors of Giant Heavy Machinery during its meeting adopted a resolution to capitalize retained earnings to issue 8,270 thousand new shares, with the effective date set on July 17, 2023, as approved by the competent authority. The registration for the change was completed on August 8, 2023.
- iii. On August 8, 2023, the Board of Directors of Giant Heavy Machinery during its meeting adopted a resolution to issue employee stock warrants to issue 2,000 thousand new shares, with the effective date set on August 14, 2023, as approved by the competent authority. The registration for the change was completed on September 14, 2023. After the capital increase, the Group's shareholding ratio declined from 31.91% to 30.24%.
- iv. On December 6, 2023, the Board of Directors of Giant Heavy Machinery during its meeting adopted a resolution to increase the its capital by issuing 7,000 thousand new shares with a par value of \$10 (in dollars) per share and a stock issue price of \$30 (in dollars) per share, with the effective date set on December 26, 2023. Fifteen percent of the new shares were reserved for subscription by employees of Giant Heavy Machinery. The Group acquired 1,739 thousand shares, amounting to \$52,172. Furthermore, the stockholders of Giant Heavy Machinery at the annual stockholders' meeting on June 30, 2023 adopted a resolution to distribute employees' compensation by issuing 728 thousand new shares, with the effective date set on December 26, 2023, as approved by the competent authority. The registration for the change was completed on January 10, 2024. After the capital increase, the Group's shareholding ratio declined from 30.24% to 28.92%.

(b) The summarised financial information of the Group's associates is as follows:

Balance sheet

	Giant Heavy Machinery	
	December 31, 2023	December 31, 2022
Current assets	\$ 1,129,770	\$ 734,974
Non-current assets	727,846	516,676
Current liabilities	( 399,835)	( 364,682)
Non-current liabilities	( 135,404)	( 109,615)
Total net assets	<u>\$ 1,322,377</u>	<u>\$ 777,353</u>
Share in associate's net assets	\$ 382,498	\$ 248,131

Statement of comprehensive income

	Giant Heavy Machinery	
	Years ended December 31,	
	2023	2022
Revenue	\$ 1,210,502	\$ 1,027,651
Profit for the year from continuing operations	363,807	283,428
Other comprehensive income, net of tax	402	1,554
Total comprehensive income	<u>\$ 364,209</u>	<u>\$ 284,982</u>
Dividends received from associates	<u>\$ 35,199</u>	<u>\$ 19,555</u>

- (c) The Group is the single largest shareholder of Giant Heavy Machinery with a 28.92% equity interest. Given that other two large shareholders (not related parties) hold more shares than the Group and there is no agreement among shareholders to consult with each other or to make decisions collectively, which indicates that the Group has no current ability to direct the relevant activities of Giant Heavy Machinery, the Group has no control, but only has significant influence, over the investee.

B. Joint venture

The carrying amount of the Group's interests in immaterial joint ventures and the Group's share of the operating results are as follow:

As of December 31, 2023 and 2022, the carrying amount of the Group's immaterial joint ventures amounted to \$0 and \$302, respectively.

	Denzai Sea & Land	
	Years ended December 31,	
	2023	2022
Revenue	\$ -	\$ -
Loss for the year from continuing operations	( 697)	( 610)
Other comprehensive income, net of tax	-	-
Total comprehensive loss	<u>(\$ 697)</u>	<u>(\$ 610)</u>

- C. As of December 31, 2023 and 2022, among the investments accounted under equity method, the amounts were measured based on the financial reports audited by other auditors.
- D For the years ended December 31, 2023 and 2022, none of investees accounted for using equity method had quoted market prices.

(8) Property, plant and equipment

	2023						Unfinished construction and equipment under acceptance	Total
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Rental assets	Others	
At January 1								
Cost	\$ 435,301	\$ 308,908	\$ 81,273	\$ 963,851	\$ 15,157	\$ 137,142	\$ 9,418	\$ 2,041,284
Accumulated depreciation	- (137,280)	(43,357)	(420,787)	(11,965)	(29,227)	(5,770)	-	(648,386)
	<u>\$ 435,301</u>	<u>\$ 171,628</u>	<u>\$ 37,916</u>	<u>\$ 543,064</u>	<u>\$ 3,192</u>	<u>\$ 107,915</u>	<u>\$ 3,648</u>	<u>\$ 1,392,898</u>
Opening net book amount as at January 1	\$ 435,301	\$ 171,628	\$ 37,916	\$ 543,064	\$ 3,192	\$ 107,915	\$ 3,648	\$ 1,392,898
Additions	- 1,568	- 1,655	- 45,217	- 1,537	-	-	1,357	92,839 144,173
Disposal - cost	-	-	(34,799)	(124)	-	-	(1,151)	- (36,074)
Disposal - accumulated depreciation	-	-	- 34,403	- 124	-	-	1,151	- 35,678
Transfers	-	-	- 3,850	-	-	-	-	- 3,850
Depreciation charge	- (7,860)	- (3,457)	- (73,295)	- (1,210)	- (8,601)	- (1,163)	-	- (95,586)
Net exchange differences	- (340)	- (172)	-	-	-	-	-	- (1) (513)
Closing net book amount as at December 31	<u>\$ 435,301</u>	<u>\$ 164,996</u>	<u>\$ 39,964</u>	<u>\$ 514,418</u>	<u>\$ 3,519</u>	<u>\$ 99,314</u>	<u>\$ 3,842</u>	<u>\$ 179,222</u> <u>\$ 1,440,576</u>
At December 31								
Cost	\$ 435,301	\$ 310,054	\$ 86,778	\$ 973,701	\$ 16,570	\$ 137,142	\$ 9,624	\$ 179,222 \$ 2,148,392
Accumulated depreciation	- (145,058)	(46,814)	(459,283)	(13,051)	(37,828)	(5,782)	-	(707,816)
	<u>\$ 435,301</u>	<u>\$ 164,996</u>	<u>\$ 39,964</u>	<u>\$ 514,418</u>	<u>\$ 3,519</u>	<u>\$ 99,314</u>	<u>\$ 3,842</u>	<u>\$ 179,222</u> <u>\$ 1,440,576</u>

	2022						Unfinished construction and equipment under acceptance	Total
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Rental assets	Others	
At January 1	\$ 435,301	\$ 363,616	\$ 81,675	\$ 785,098	\$ 13,222	\$ 137,142	\$ 14,831	\$ 762
Cost	\$ 435,301	(\$ 147,673)	(\$ 39,984)	(\$ 416,632)	(\$ 12,220)	(\$ 20,624)	(\$ 11,449)	(\$ 1,831,647)
Accumulated depreciation	\$ 435,301	\$ 215,943	\$ 41,691	\$ 368,466	\$ 1,002	\$ 116,518	\$ 3,382	\$ 762
								\$ 1,183,065
Opening net book amount as at January 1	\$ 435,301	\$ 215,943	\$ 41,691	\$ 368,466	\$ 1,002	\$ 116,518	\$ 3,382	\$ 762
Additions	-	8,522	-	240,356	2,709	-	1,111	90,234
Disposal - cost	-	(19,055)	(402)	(63,761)	(774)	-	(6,524)	-
Disposal - accumulated depreciation	-	13,176	402	62,371	774	-	6,524	-
Reclassifications	(42,632)	-	-	-	-	-	-	83,247
Depreciation charge	(8,880)	(3,775)	(64,974)	(519)	(8,603)	(845)	(819)	(43,451)
Net exchange differences	-	4,554	-	606	-	-	-	(87,596)
Closing net book amount as at December 31	\$ 435,301	\$ 171,628	\$ 37,916	\$ 543,064	\$ 3,192	\$ 107,915	\$ 3,648	\$ 57
								5.217
At December 31								
Cost	\$ 435,301	\$ 308,908	\$ 81,273	\$ 963,851	\$ 15,157	\$ 137,142	\$ 9,418	\$ 90,234
Accumulated depreciation	\$ 435,301	(\$ 137,280)	(\$ 43,357)	(\$ 420,787)	(\$ 11,965)	(\$ 29,227)	(\$ 5,770)	(\$ 648,386)

- A. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- B. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	2023	2022
Amount capitalised	\$ 1.95%~2.13%	\$ 2,839	\$ 370
Range of the interest rates for capitalisation	1.60%~1.95%		

(9) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically expired between 2011 and 2027. 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.
- B. In December 2010, the Group signed a land use right contract for the use of the land in Vietnam with a term of 40 years. All rentals had been paid on the contract date.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	2023			
	Land	Buildings and structures	Transportation equipment	Total
At January 1				
Cost	\$ 65,001	\$ 12,216	\$ 7,080	\$ 84,297
Accumulated depreciation	( 18,252)	( 4,528)	( 2,134)	( 24,914)
	<u>\$ 46,749</u>	<u>\$ 7,688</u>	<u>\$ 4,946</u>	<u>\$ 59,383</u>
Opening net book amount as at January 1	\$ 46,749	\$ 7,688	\$ 4,946	\$ 59,383
Additions	2,347	1,148	974	4,469
Disposal - cost	( 2,360)	( 1,159)	-	( 3,519)
Disposal - accumulated depreciation	2,360	1,159	-	3,519
Depreciation charge	( 8,613)	( 2,906)	( 2,442)	( 13,961)
Net exchange differences	( 898)	-	-	( 898)
Closing net book amount as at December 31	<u>\$ 39,585</u>	<u>\$ 5,930</u>	<u>\$ 3,478</u>	<u>\$ 48,993</u>
At December 31				
Cost	\$ 63,923	\$ 12,205	\$ 8,054	\$ 84,182
Accumulated depreciation	( 24,338)	( 6,275)	( 4,576)	( 35,189)
	<u>\$ 39,585</u>	<u>\$ 5,930</u>	<u>\$ 3,478</u>	<u>\$ 48,993</u>

	2022			
	Land	Buildings and structures	Transportation equipment	Total
At January 1				
Cost	\$ 62,465	\$ 11,782	\$ 6,983	\$ 81,230
Accumulated depreciation	( 12,548)	( 4,184)	( 858)	( 17,590)
	<u>\$ 49,917</u>	<u>\$ 7,598</u>	<u>\$ 6,125</u>	<u>\$ 63,640</u>
Opening net book amount as at January 1	\$ 49,917	\$ 7,598	\$ 6,125	\$ 63,640
Additions	3,235	2,803	1,781	7,819
Disposal - cost	( 3,092)	( 2,369)	( 1,684)	( 7,145)
Disposal - accumulated depreciation	3,092	2,369	972	6,433
Depreciation charge	( 8,550)	( 2,713)	( 2,248)	( 13,511)
Net exchange differences	<u>2,147</u>	<u>-</u>	<u>-</u>	<u>2,147</u>
Closing net book amount as at December 31	<u>\$ 46,749</u>	<u>\$ 7,688</u>	<u>\$ 4,946</u>	<u>\$ 59,383</u>
At December 31				
Cost	\$ 65,001	\$ 12,216	\$ 7,080	\$ 84,297
Accumulated depreciation	( 18,252)	( 4,528)	( 2,134)	( 24,914)
	<u>\$ 46,749</u>	<u>\$ 7,688</u>	<u>\$ 4,946</u>	<u>\$ 59,383</u>

D. The information on lease liability relating to lease contracts is as follows:

	December 31, 2023	December 31, 2022
Total lease liability	\$ 21,428	\$ 29,893
Less: Current portion (shown as 'lease liabilities - current')	( 11,259)	( 12,731)
	<u>\$ 10,169</u>	<u>\$ 17,162</u>

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<b><u>Items affecting profit or loss</u></b>		
Interest expense on lease liabilities	\$ 411	\$ 548
Expense on short-term lease contracts	6,603	6,768
Expense on leases of low-value assets	158	139
Gains arising from lease modification	-	7

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$20,595 and \$19,377, respectively.

(10) Leasing arrangements – lessor

- A. The Group leases various assets including land, buildings and machinery and equipment. Rental contracts are typically expired between 2019 and 2027. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.
- B. For the years ended December 31, 2023 and 2022, the Group recognised rent income in the amounts of \$59,810 and \$46,240, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023		December 31, 2022
2024	\$ 46,234	2023	\$ 43,216
2025	33,888	2024	40,793
2026	17,877	2025	29,102
After 2027	<u>2,766</u>	After 2026	<u>20,234</u>
	<u><u>\$ 100,765</u></u>		<u><u>\$ 133,345</u></u>

(11) Investment property

	2023		
	Buildings and		Total
	Land	structures	
At January 1			
Cost	\$ 31,110	\$ 63,921	\$ 95,031
Accumulated depreciation	- (11,947)	(11,947)	(11,947)
	<u>\$ 31,110</u>	<u>\$ 51,974</u>	<u>\$ 83,084</u>
At January 1	\$ 31,110	\$ 51,974	\$ 83,084
Additions	- (6,274)	(6,274)	(6,274)
Depreciation charge	- (3,209)	(3,209)	(3,209)
Net exchange differences	- (1,362)	(1,362)	(1,362)
At December 31	<u>\$ 31,110</u>	<u>\$ 53,677</u>	<u>\$ 84,787</u>
At December 31			
Cost	\$ 31,110	\$ 68,507	\$ 99,617
Accumulated depreciation	- (14,830)	(14,830)	(14,830)
	<u>\$ 31,110</u>	<u>\$ 53,677</u>	<u>\$ 84,787</u>

	2022		
	Buildings and structures		Total
	Land		
At January 1			
Cost	\$ 31,110	\$ 9,707	\$ 40,817
Accumulated depreciation	-	( 4,095)	( 4,095)
	<u>\$ 31,110</u>	<u>\$ 5,612</u>	<u>\$ 36,722</u>
At January 1	\$ 31,110	\$ 5,612	\$ 36,722
Additions	-	5,097	5,097
Depreciation charge	-	( 1,227)	( 1,227)
Reclassifications	-	43,451	43,451
Net exchange differences	-	( 959)	( 959)
At December 31	<u>\$ 31,110</u>	<u>\$ 51,974</u>	<u>\$ 83,084</u>
At December 31			
Cost	\$ 31,110	\$ 64,741	\$ 95,851
Accumulated depreciation	-	( 12,767)	( 12,767)
	<u>\$ 31,110</u>	<u>\$ 51,974</u>	<u>\$ 83,084</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2023	2022
Rental income from investment property	\$ 26,524	\$ 6,118
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 3,278	\$ 1,297

- B. The fair value of the investment property held by the Group as at December 31, 2023 and 2022 was \$111,128 and \$130,607, respectively, which was determined based on the transaction price of similar properties in the neighboring areas. Valuations are categorised within Level 3 in the fair value hierarchy.
- C. Information about the investment property that was pledged to others as collaterals is provided in Note 8.

(12) Short-term borrowings

Type of borrowings	Collateral	December 31, 2023	December 31, 2022
Bank borrowings			
Unsecured borrowings	-	\$ 88,000	\$ 50,500
Purchase borrowings	-	16,350	-
Secured borrowings	Property, plant and equipment	99,000	-
		<u>203,350</u>	<u>50,500</u>
Interest rate range		1.825%~2.253%	1.75%~1.875%

Details of short-term borrowings jointly guaranteed by related parties and collaterals provided by the Group are provided in Notes 7 and 8.

(13) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	\$ 72,916	\$ 80,407
Accrued expenses	19,124	28,462
Other payables	2,255	2,270
Payable on machinery and equipment	384	675
	<u>94,679</u>	<u>111,814</u>

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	Borrowing period is from June 2, 2023 to December 20, 2025; interest is repayable monthly; principal is repayable at maturity.	2.04%	Property, plant and equipment	\$ 80,000
Installment borrowings				
Secured borrowings	Borrowing period is from August 8, 2019 to July 27, 2036; interest is repayable monthly; principal is repayable in installments from November 8, 2019.	1.99%~ 2.19%	Property, plant and equipment	195,980
Less: Current portion				(43,840)
				<u>\$ 232,140</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	Borrowing period is from November 14, 2022 to November 14, 2024; interest is repayable monthly; principal is repayable at maturity.	1.79%	Property, plant and equipment	\$ 30,000
Installment borrowings				
Secured borrowings	Borrowing period is from June 28, 2019 to July 27, 2036; interest is repayable monthly; principal is repayable in installments from July 28, 2019.	1.85%~1.951%	Property, plant and equipment	229,458
Less: Current portion				( 88,875)
				\$ 170,583

Details of assets pledged as collateral for long-term borrowings are provided in Note 8.

**(15) Pensions (shown as 'other non-current liabilities')**

A. (a) The Company and its domestic subsidiary have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 8%~12% 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. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(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	(\$ 70,201)	(\$ 76,174)
Fair value of plan assets	<u>66,466</u>	<u>70,531</u>
Net defined benefit liability	<u>(\$ 3,735)</u>	<u>(\$ 5,643)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>2023</u>			
At January 1	(\$ 76,174)	\$ 70,531	(\$ 5,643)
Current service cost	( 590)	- (	590)
Interest (expense) income	( 952)	881 (	71)
	<u>( 77,716)</u>	<u>71,412</u>	<u>( 6,304)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	- (	558)	558)
Change in financial assumptions	( 172)	- (	172)
Experience adjustments	( 671)	- (	671)
	<u>( 843)</u>	<u>558</u>	<u>( 285)</u>
Pension fund contribution	- (	2,854)	2,854)
Paid pension	8,358 (	8,358)	- (
At December 31	<u>(\$ 70,201)</u>	<u>\$ 66,466</u>	<u>(\$ 3,735)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<b><u>2022</u></b>			
At January 1	(\$ 77,160)	\$ 63,525	(\$ 13,635)
Current service cost	( 671)	-	( 671)
Interest (expense) income	( 463)	415	( 48)
	<u>( 78,294)</u>	<u>63,940</u>	<u>( 14,354)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	5,075	5,075
Change in financial assumptions	1,789	-	1,789
Experience adjustments	( 1,276)	-	( 1,276)
	<u>513</u>	<u>5,075</u>	<u>5,588</u>
Pension fund contribution	-	3,123	3,123
Paid pension	1,607	( 1,607)	-
At December 31	<u>(\$ 76,174)</u>	<u>\$ 70,531</u>	<u>(\$ 5,643)</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:

	Years ended December 31,	
	2023	2022
Discount rate	1.180%	1.250%
Future salary increases	1.125%	1.125%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022, respectively.

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 1.00%	Decrease 1.00%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 607)	\$ 623	\$ 2,584	(\$ 2,386)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 669)	\$ 688	\$ 2,890	(\$ 2,653)

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 did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$0.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 7.1 years.

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

Within 1 year	\$	67,253
2-5 years		2,232
5-10 years		820
	\$	70,305

(h) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022, were \$661 and \$719, respectively.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute 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 \$11,214 and \$11,892, respectively.

(16) Share capital

A. As of December 31, 2023, the Company's authorised capital was \$1,230,000, consisting of 123,000 thousand shares of ordinary stock, and the paid-in capital was \$1,048,766 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares (units: thousand shares) outstanding are as follows:

	2023	2022
At January 1	\$ 104,877	\$ 80,674
Surplus profit distributed in the form of new shares	-	24,203
At December 31	<u>\$ 104,877</u>	<u>\$ 104,877</u>

B. On June 27, 2022, the shareholders' meeting of the Company resolved to issue new shares amounting to 24,203 thousand shares from undistributed earnings of \$242,023, which was approved by the competent authority. On August 12, 2022, the Board of Directors resolved that the record date for ex-rights was September 4, 2022, and the registration for the change was completed on September 30, 2022.

(17) 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.

	2023					
	Changes in equity of associates and					
	Treasury	joint ventures				
	Share premium	share transactions	accounted for using equity method	Others	Total	
At January 1	\$ 62,214	\$ 15,659	\$ -	\$ 5,490	\$ 83,363	
Recognition of change in equity of associates in proportion to the Company's ownership	<u>\$ -</u>	<u>\$ -</u>	<u>4,563</u>	<u>\$ -</u>	<u>4,563</u>	
At December 31	<u>\$ 62,214</u>	<u>\$ 15,659</u>	<u>\$ 4,563</u>	<u>\$ 5,490</u>	<u>\$ 87,926</u>	

2022						
Changes in equity of associates and						
	Treasury	joint ventures				
	Share premium	share transactions	accounted for using equity method	Others	Total	
At January 1	\$ 62,214	\$ 15,659	\$ 3,539	\$ 5,490	\$ 86,902	
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	( 3,539)	-	-	( 3,539)
At December 31	<u>\$ 62,214</u>	<u>\$ 15,659</u>	<u>\$ -</u>	<u>\$ 5,490</u>	<u>\$ 83,363</u>	

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, except for be used to pay all taxes and offset prior year's operating losses, 10% of the remaining amount shall first be set aside as legal reserve until the legal reserve equals the total capital stock balance and setting aside or reversal for special reserve in accordance with related laws or Authority's rule. The remaining earnings, if any, plus prior year's accumulated unappropriated earnings were accumulated distributable earnings. For the accumulated distributable earnings mentioned above, the Board of Directors shall consider the funds required for the growth of the enterprise and propose an earnings distribution to the shareholders for obtaining approval. The Company is in the business growth stage, and the dividend distribution policy must be based on the Company's current and future investment environment, capital needs, market competition and capital budget factors, taking into account shareholders' interests, balanced dividends and the Company's long-term financial plan. The appropriation is proposed by the Board of Directors and then reported to the shareholders. Distribution of dividends to shareholders, of which cash dividends should be 20%~100% of the total dividends, and the rest should be stock dividends.
- 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. (a) 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.

- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The appropriations of 2021 earnings had been approved by the shareholders during their meeting on July 27, 2022 is as follows:

	Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 74,048	
Cash dividends	322,697	\$ 4
Stock dividends	242,023	3
	<u>\$ 638,768</u>	

- E. The appropriations of 2022 earnings had been approved by the shareholders during their meeting on June 9, 2023 is as follows:

	Year ended December 31, 2022	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 20,401	
Special reserve	18,722	
Cash dividends	104,877	\$ 1
	<u>\$ 144,000</u>	

- F. The appropriations of 2023 earnings had been proposed by the Board of Directors on March 12, 2024. Details are summarised below:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 20,718	
Special reserve	6,094	
Cash dividends	125,852	\$ 1.2
	<u>\$ 152,664</u>	

The aforementioned appropriations of 2023 earnings has not yet been resolved at the stockholders' meeting.

(19) Operating revenue

	Years ended December 31,	
	2023	2022
	\$	\$
Revenue from contracts with customers	1,740,070	1,908,281
Rental revenue	58,929	45,358
Warehousing revenue	4,063	3,689
	<u><u>\$ 1,803,062</u></u>	<u><u>\$ 1,957,328</u></u>

A. 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 product lines:

Year ended December 31,	Machinery					Other	Total
	Transportation	and hoisting	LPG station	Imports of foreign wine	Other		
2023	segment	segment	segment	segment	Other	Total	Total
Total segment revenue	\$ 832,304	\$ 565,705	\$ 193,334	\$ 149,511	\$ 1,028	\$ 1,741,882	\$ 1,741,882
Intra-sector transaction revenue	( 129)	- -	- -	( 1,683)	- -	( 1,812)	( 1,812)
Revenue from contracts with external customers	<u><u>\$ 832,175</u></u>	<u><u>\$ 565,705</u></u>	<u><u>\$ 193,334</u></u>	<u><u>\$ 147,828</u></u>	<u><u>\$ 1,028</u></u>	<u><u>\$ 1,740,070</u></u>	<u><u>\$ 1,740,070</u></u>
Timing of revenue	- -	- -	193,334	147,828	1,028	342,190	342,190
At a point in time	832,175	565,705	- -	- -	- -	1,397,880	1,397,880
Over time	<u><u>\$ 832,175</u></u>	<u><u>\$ 565,705</u></u>	<u><u>\$ 193,334</u></u>	<u><u>\$ 147,828</u></u>	<u><u>\$ 1,028</u></u>	<u><u>\$ 1,740,070</u></u>	<u><u>\$ 1,740,070</u></u>
Year ended December 31,	Machinery					Other	Total
	Transportation	and hoisting	LPG station	Imports of foreign wine	Other		
2022	segment	segment	segment	segment	Other	Total	Total
Total segment revenue	\$ 1,048,718	\$ 451,524	\$ 194,033	\$ 214,188	\$ 1,260	\$ 1,909,723	\$ 1,909,723
Intra-sector transaction revenue	( 166)	- -	- -	( 1,276)	- -	( 1,442)	( 1,442)
Revenue from contracts with external customers	<u><u>\$ 1,048,552</u></u>	<u><u>\$ 451,524</u></u>	<u><u>\$ 194,033</u></u>	<u><u>\$ 212,912</u></u>	<u><u>\$ 1,260</u></u>	<u><u>\$ 1,908,281</u></u>	<u><u>\$ 1,908,281</u></u>
Timing of revenue	- -	- -	194,033	212,912	1,260	408,205	408,205
At a point in time	1,048,552	451,524	- -	- -	- -	1,500,076	1,500,076
Over time	<u><u>\$ 1,048,552</u></u>	<u><u>\$ 451,524</u></u>	<u><u>\$ 194,033</u></u>	<u><u>\$ 212,912</u></u>	<u><u>\$ 1,260</u></u>	<u><u>\$ 1,908,281</u></u>	<u><u>\$ 1,908,281</u></u>

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022	January 1,2022
Contract assets:			
Heavy machinery contracts	\$ 31,424	\$ 22,969	\$ 53,317
Contract liabilities:			
Sale contracts	\$ 2,451	\$ 21,380	\$ 2,347
Construction advance receipts	5,000	-	-
	<u>\$ 7,451</u>	<u>\$ 21,380</u>	<u>\$ 2,347</u>

C. Revenue recognised that was included in the contract liability balance at the beginning of the period

	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 21,254	\$ 2,211

(20) Operating cost

	Years ended December 31,	
	2023	2022
Cost of transportation sales	\$ 745,135	\$ 906,175
Cost of machinery transportation and hoisting sales	482,179	402,912
Cost of goods	274,682	310,185
Cost of rental sales	22,365	18,324
Cost of warehousing sales	5,047	5,225
	<u>\$ 1,529,408</u>	<u>\$ 1,642,821</u>

(21) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 1,032	\$ 544
Interest income from financial assets measured at amortised cost	160	38
Other interest income	95	135
	<u>\$ 1,287</u>	<u>\$ 717</u>

(22) Other income

	Years ended December 31,	
	2023	2022
Dividend income	\$ 16,973	\$ 10,694
Rental income	881	881
Other income - others	6,988	23,575
	<u>\$ 24,842</u>	<u>\$ 35,150</u>

(23) Other gains and losses

	Years ended December 31,	
	2023	2022
Gains on disposals of property, plant and equipment	\$ 6,699	\$ 6,308
Losses on disposal of investments	- (	3,976)
Gains arising from lease modification	-	7
Loss on financial assets at fair value through profit or loss	( 27)	-
Net foreign exchange losses	( 1,180) (	1,992)
Compensation losses	- (	1,000)
Other losses	( 503) (	1,966)
	<u>\$ 4,989</u>	<u>(\$ 2,619)</u>

(24) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense - bank borrowings	\$ 7,849	\$ 4,801
Interest expense - lease liabilities	411	548
Less: Capitalized borrowing costs	( 2,839) (	370)
	<u>\$ 5,421</u>	<u>\$ 4,979</u>

(25) Expenses by nature

	Years ended December 31,	
	2023	2022
Freight	\$ 434,331	\$ 526,683
Employee benefit expense	302,897	322,041
Cost of merchandise sold	270,433	305,898
Other cost of machinery transportation and hoisting sales	227,482	194,695
Diesel fee	135,642	137,036
Depreciation expense	112,351	101,107
Stevedorage & cargo charges	27,770	22,382
Repairs and maintenance expense	49,245	41,856
Tire charges	12,441	13,924
Amortization expense	417	440
Expected credit impairment loss	5	-
Others	<u>141,859</u>	<u>163,469</u>
Operating costs and expenses	<u>\$ 1,714,873</u>	<u>\$ 1,829,531</u>

(26) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 259,066	\$ 276,873
Labour and health insurance fees	23,701	24,724
Pension costs	11,875	12,611
Other personnel expenses	<u>8,255</u>	<u>7,833</u>
	<u>\$ 302,897</u>	<u>\$ 322,041</u>

- A. Information on the provisions of distribution of earnings in the Company's Articles of Incorporation is provided in Note 6(18). A ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 5% for directors'.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$12,182 and \$12,209, respectively; while directors' remuneration was accrued at \$12,182 and \$12,209, respectively. The aforementioned amounts were recognised in salary expenses.
- C. Employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. 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.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 19,769	\$ 30,377
Tax on undistributed surplus earnings	553	-
Prior year income tax underestimation	19	1,343
Total current tax	<u>20,341</u>	<u>31,720</u>
Deferred tax:		
Origination and reversal of temporary differences	( 668)	( 646)
Total deferred tax	<u>( 668)</u>	<u>( 646)</u>
Income tax expense	<u><u>\$ 19,673</u></u>	<u><u>\$ 31,074</u></u>

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

	Years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	<u>\$ 57</u>	<u><u>\$ ( 1,118)</u></u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 47,039	\$ 53,651
Expenses disallowed by tax regulation	322	433
Tax exempt income by tax regulation	( 27,065)	( 23,669)
Temporary difference not recognised as deferred tax assets	( 1,455)	( 512)
Taxable loss not recognised as deferred tax assets	140	121
Tax on undistributed surplus earnings	553	-
Prior year income tax underestimation	19	1,343
Change in assessment of realisation of deferred tax assets	120	( 293)
Income tax expense	<u><u>\$ 19,673</u></u>	<u><u>\$ 31,074</u></u>

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

	2023			
	Recognised in other			
	January 1	Recognised in profit or loss	comprehensive income	December 31
<b>Deferred income tax assets:</b>				
- Temporary differences:				
Deferred gains	\$ 224	(\$ 82)	\$ -	\$ 142
Actuarial losses (gains) on defined benefit plan	9,030	-	57	9,087
Loss on inventory valuation	1,861	442	-	2,303
Unused compensated absences	76	-	-	76
Unrealised exchange losses	109	206	-	315
Tax loss	<u>405</u>	<u>540</u>	<u>-</u>	<u>945</u>
	<u><u>\$ 11,705</u></u>	<u><u>\$ 1,106</u></u>	<u><u>\$ 57</u></u>	<u><u>\$ 12,868</u></u>
- Deferred tax liabilities:				
Excess of pension contributions over pension expenses	( 5,148)	( 438)	-	( 5,586)
Provision for land increment tax	<u>( 30,137)</u>	<u>-</u>	<u>-</u>	<u>( 30,137)</u>
	<u><u>( 35,285)</u></u>	<u><u>( 438)</u></u>	<u><u>-</u></u>	<u><u>( 35,723)</u></u>
	<u><u><u>(\$ 23,580)</u></u></u>	<u><u><u>\$ 668</u></u></u>	<u><u><u>\$ 57</u></u></u>	<u><u><u>\$ 22,855</u></u></u>

	2022			
	Recognised in other			
	January 1	Recognised in profit or loss	comprehensive income	December 31
<b>Deferred income tax assets:</b>				
- Temporary differences:				
Deferred gains	\$ 305	(\$ 81)	\$ -	\$ 224
Actuarial losses (gains) on defined benefit plan	10,148	- (1,118)	9,030	
Loss on inventory valuation	1,167	694	-	1,861
Unused compensated absences	76	-	-	76
Unrealised exchange losses	-	109	-	109
Tax loss	<u>-</u>	<u>405</u>	<u>-</u>	<u>405</u>
	<u>\$ 11,696</u>	<u>\$ 1,127</u>	<u>(\$ 1,118)</u>	<u>\$ 11,705</u>
- Deferred tax liabilities:				
Excess of pension contributions over pension expenses	(4,667)	(481)	- (5,148)	
Provision for land increment tax	<u>(30,137)</u>	<u>-</u>	<u>- (30,137)</u>	
	<u>(34,804)</u>	<u>(481)</u>	<u>- (35,285)</u>	
	<u>(\$ 23,108)</u>	<u>\$ 646</u>	<u>(\$ 1,118)</u>	<u>(\$ 23,580)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2023			
	Unrecognised deferred tax assets			
Year incurred	Amount filed/ assessed	Unused amount		Expiry year
2015	\$ 431	\$ 431	\$ 431	2025
2016	2,051	2,051	2,051	2026
2017	1,332	1,332	1,332	2027
2018	3,731	3,731	3,731	2028
2019	3,840	3,840	3,840	2029
2020	1,447	1,447	1,447	2030
2021	663	663	663	2031
2022	2,630	2,630	604	2032
2023	2,864	2,864	701	2033
	<u>\$ 18,989</u>	<u>\$ 18,989</u>	<u>\$ 14,800</u>	

December 31, 2022

Year incurred	Amount filed/		Unrecognised deferred tax		Expiry year
	assessed	Unused amount	assets		
2015	\$ 431	\$ 431	\$ 431		2025
2016	2,051	2,051	2,051		2026
2017	1,332	1,332	1,332		2027
2018	3,731	3,731	3,731		2028
2019	3,840	3,840	3,840		2029
2020	1,447	1,447	1,447		2030
2021	663	663	663		2031
2022	2,630	2,630	604		2032
	<u>\$ 16,125</u>	<u>\$ 16,125</u>	<u>\$ 14,099</u>		

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Share of profit or loss of subsidiaries accounted for using equity method	\$ 109,249	\$ 116,524
Exchange differences on translation of foreign financial statements	29,821	26,944
	<u>\$ 139,070</u>	<u>\$ 143,468</u>

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

(28) Earnings per share

Year ended December 31, 2023		
	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Amount after tax		
<b>Basic earnings per share</b>		
Profit attributable to ordinary shareholders of the parent	\$ 202,909	104,877
<b>Diluted earnings per share</b>		
Profit attributable to ordinary shareholders of the parent	\$ 202,909	104,877
Assumed conversion of all dilutive potential ordinary shares		
Employees' compensation	-	554
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 202,909	105,431
		\$ 1.92
Year ended December 31, 2022		
	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Amount after tax		
<b>Basic earnings per share</b>		
Profit attributable to ordinary shareholders of the parent	\$ 198,504	104,877
<b>Diluted earnings per share</b>		
Profit attributable to ordinary shareholders of the parent	\$ 198,504	104,877
Assumed conversion of all dilutive potential ordinary shares		
Employees' compensation	-	554
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 198,504	105,431
		\$ 1.88

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 144,173	\$ 348,029
Add: Opening balance of payable on equipment	675	200
Add: Opening balance of notes payable on equipment	1,131	
Less: Ending balance of payable on equipment	( 384)	( 675)
Less: Ending balance of notes payable on equipment	( 253)	( 1,131)
Cash paid during the year	<u>\$ 145,342</u>	<u>\$ 346,423</u>

B. Investment activities with no cash flow effects:

	Years ended December 31,	
	2023	2022
Property, plant and equipment transferred to investment property	<u>\$ -</u>	<u>\$ 43,451</u>

(30) Changes in liabilities from financing activities

	2023					
	Lease liabilities	Long-term borrowings	Guarantee deposits	Liabilities from financing activities		
	Short-term borrowings (including current portion)	(including current portion)	(including current portion)	received	gross	
At January 1	\$ 50,500	\$ 29,893	\$ 259,458	\$ 8,727	\$ 348,578	
Changes in cash flow from financing activities	152,850	( 12,932)	16,522	296	156,736	
Changes in other non-cash items	<u>-</u>	<u>4,467</u>	<u>-</u>	<u>-</u>	<u>4,467</u>	
At December 31	<u>\$ 203,350</u>	<u>\$ 21,428</u>	<u>\$ 275,980</u>	<u>\$ 9,023</u>	<u>\$ 509,781</u>	

2022

	Lease liabilities	Long-term borrowings	Guarantee deposits	Other non- current liabilities	Liabilities from financing activities
	Short-term borrowings <u>including current portion</u>	(including current portion)	received		gross
At January 1	\$ 15,052	\$ 35,189	\$ 283,798	\$ 4,002	\$ 340,658
Changes in cash flow from financing activities	35,448	( 12,396)	( 24,340)	4,725	( 2,617)
Changes in other non-cash items	<u>—</u>	<u>7,100</u>	<u>—</u>	<u>—</u>	<u>7,100</u>
At December 31	<u>\$ 50,500</u>	<u>\$ 29,893</u>	<u>\$ 259,458</u>	<u>\$ 8,727</u>	<u>\$ 348,578</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Ever Glory Transportation Inc. (Ever Glory)	Other related party (this company's major shareholder was the Company's chairman)
Champion Shipping Agency Co., Ltd. (Champion)	Other related party (this company's chairman was the same as the Company's chairman)
Li Fung Transportation Enterprise Co., Ltd. (Li Fung)	Other related party (this company's major shareholder was the Company's director)
Deluxe Wine & Spirits Inc. (Deluxe Wine)	Other related party (this company's chairman was the same as the Company's chairman)
Giant Heavy Machinery Service Corp. (Giant Heavy Machinery)	Associate (investee accounted for using equity method by the Company)
Giant Heavy Machinery Transportation Service Corp. (Giant Heavy Machinery Transportation)	Associate (subsidiary of the investee accounted for using equity method by the Company)
Mammoet Giant (Taiwan) Limited (Mammoet Giant)	Associate (joint venture of the investee accounted for using equity method by the Company)
Denzai Sea & Land Corporation (Denzai Sea & Land)	Joint venture (investee accounted for using equity method by the Company)

(2) Significant related party transactions

A. Sales of services and goods

	Years ended December 31,	
	2023	2022
<b>Sales of services:</b>		
Associates		
Giant Heavy Machinery	\$ 285	\$ 44,103
Mammoet Giant	11,447	-
Joint venture		
Denzai Sea & Land	-	81
Other related parties	2,115	693
<b>Rental revenue:</b>		
Associates		
Giant Heavy Machinery	13,600	9,822
Giant Heavy Machinery Transportation	2,003	2,095
Other related parties	72	72
	<u>\$ 29,522</u>	<u>\$ 56,866</u>

Selling prices and collection terms to associates, joint ventures and other related parties are comparable to those provided to non-related parties. The collection terms are monthly billings by issuing 2~3-month notes.

B. Purchase of services and other operating costs

	Years ended December 31,	
	2023	2022
<b>Purchases of services:</b>		
Associates		
Giant Heavy Machinery	\$ 144,389	\$ 100,799
Giant Heavy Machinery Transportation	2,601	4,124
Other related parties	3,740	3,342
	<u>\$ 150,730</u>	<u>\$ 108,265</u>

The prices for services purchased from certain other related parties are higher than normal suppliers due to its special nature. The payment term is 30~45 days after monthly billings, slightly shorter days than normal suppliers. Purchase prices and payment terms to associates and other related parties are comparable to those provided by non-related parties. The payment terms are monthly billings paid by issuing 2~3-month notes.

C. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable:		
Associates		
Giant Heavy Machinery Transportation	\$ 2,581	\$ 2,581
Other related parties	<u>56</u>	<u>56</u>
	<u>2,637</u>	<u>2,637</u>
Accounts receivable:		
Associates		
Giant Heavy Machinery	24	3,135
Giant Heavy Machinery Transportation	19	240
Other related parties	<u>315</u>	<u>53</u>
	<u>358</u>	<u>3,428</u>
Long-term notes receivable (shown as “other non-current assets”)		
Associates		
Giant Heavy Machinery Transportation	<u>2,151</u>	<u>4,732</u>
	<u>\$ 5,146</u>	<u>\$ 10,797</u>

Long-term notes receivable of the Group is rent from renting transportation equipment to associates. All of notes agreed in the contract had been collected at once and turned into cash monthly.

D. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes payable:		
Associates		
Giant Heavy Machinery	\$ 18,765	\$ 19,010
Giant Heavy Machinery Transportation	231	210
Other related parties	<u>1,862</u>	<u>1,619</u>
	<u>20,858</u>	<u>20,839</u>
Accounts payable:		
Associates		
Giant Heavy Machinery	6,757	14,326
Giant Heavy Machinery Transportation	231	-
Other related parties	<u>499</u>	<u>484</u>
	<u>7,487</u>	<u>14,810</u>
Other payables:		
Other related parties		
	<u>188</u>	<u>373</u>
	<u>188</u>	<u>373</u>
	<u>\$ 28,533</u>	<u>\$ 36,022</u>

**E. Property transactions**

Acquisition of financial assets:

	Accounts	No. of shares	Objects	Year ended
				December 31, 2023
Giant Heavy Machinery	Investments accounted for using equity method	1,739 thousand shares	Stock	\$ 52,172

**F. Lease transactions - lessee**

(a) The Group leased land from other related parties. Rental contracts are typically expired between 2021 and 2026. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets could not be used as security for borrowing purposes and could not transfer to others in the forms of business transfer, merger and other ways.

(b) Lease liabilities

i. Outstanding balance

	December 31, 2023	December 31, 2022
Total lease liabilities	\$ 2,459	\$ 3,253
Less: Current portion (shown "current lease liabilities")	(807)	(794)
	\$ 1,652	\$ 2,459

ii. Interest expense

	Years ended December 31,	
	2023	2022
Other related parties	\$ 46	\$ 59

**G. Other income**

	Years ended December 31,	
	2023	2022
Service income:		
Other related parties	\$ 690	\$ 690

**H. Other expense**

	Years ended December 31,	
	2023	2022
Service expenses:		
Li Fung	\$ 2,633	\$ 4,091
Deluxe Wine	1,800	1,800
	\$ 4,433	\$ 5,891

I. Endorsements and guarantees provided to related parties

The Group's certain short-term borrowings are jointly guaranteed by key management.

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Other short-term employee benefits	\$ 19,378	\$ 19,374

8. Pledged Assets

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

Pledged asset	Purpose	Book value	
		December 31, 2023	December 31, 2022
Other current assets			
Financial assets at amortised cost - current	Performance bond and deposits	\$ 32,567	\$ 32,529
Other non-current assets			
Time deposits	Business guarantee	1,077	1,064
Refundable deposits	Performance bond and deposits	15,595	17,708
		16,672	18,772
Property, plant and equipment			
Land, buildings and structures and transportation equipment	Long-term and short-term borrowings and business guarantee	775,247	737,019
Investment property	Long-term and short-term borrowings	35,914	36,318
		\$ 860,400	\$ 824,638

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

Commitments

(1) Operating lease commitments

Please refer to Notes 6(9), 6(10) and 7 for details.

- (2) As of December 31, 2023 and 2022, the Group entered into a significant construction contract with related suppliers for machine transportation and hoisting business at a price of \$152,000 and \$152,000, and the Group had paid \$126,077 and \$126,077, respectively. The remaining would be paid gradually according to the construction progress.
- (3) As of December 31, 2023 and 2022, the subsidiary's letters of credit issued but not used for purchasing goods amounted to \$0 and \$3,330, respectively.
- (4) As of December 31, 2023 and 2022, the Group entered into a purchase contract with CPC Corporation, Taiwan for oil products and liquefied petroleum gas. According to the contract, the amount of guaranteed notes payable issued by the Group was \$30,000. The guarantee amount which was provided by banks for purchasing oil products, liquefied petroleum gas and transportation was \$17,627 and \$16,000, respectively. Additionally, the Group issued guaranteed notes payable to

guarantee banks in the amount of \$17,627 and \$16,000, respectively.

(5) As of December 31, 2023 and 2022, the Group entered into a significant construction contract with related suppliers for operation at a price of \$408,147 and \$290,300, and the Group had paid \$338,956 and \$187,177, respectively.

#### 10. Significant Disaster Loss

None.

#### 11. Significant Events after the Balance Sheet Date

The distribution of earnings was approved by the Company's Board of Directors on March 12, 2024.

Please refer to Note 6(18) for more details in relation to the distribution of earnings.

#### 12. Others

##### (1) Capital management

Since the Group should maintain massive amount of capital to support the needs for purchasing equipment. The Group's objectives when managing capital are to secure necessary financial resources and operating plans to meet the needs of operating funds for the next 12 months, capital expenditure, debt repayment and dividend payment.

##### (2) Financial instruments

###### A. Financial instruments by category

	December 31, 2023	December 31, 2022
<b>Financial assets</b>		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ -	\$ 2
Financial asset measured at fair value through other comprehensive income - current		
Designation of equity instrument	17,340	19,680
Financial asset measured at fair value through other comprehensive income - non-current		
Designation of equity instrument	79,762	85,762
Financial assets at amortised cost		
Cash and cash equivalents	117,949	175,280
Financial assets at amortised cost - current	32,567	32,529
Notes receivable (including related parties)	24,342	30,249
Accounts receivable		
(including related parties)	223,819	270,265
Guarantee deposits paid	16,672	18,772
Long term notes receivable (shown as other non-current assets)	2,151	4,732
Other financial assets (shown as other non-current assets)	1,440	1,920
	<u>\$ 516,042</u>	<u>\$ 639,191</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b><u>Financial liabilities</u></b>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 25	\$ -
Financial liabilities at amortised cost		
Short-term borrowings	203,350	50,500
Notes payable (including related parties)	128,051	129,612
Accounts payable (including related parties)	98,051	122,493
Other accounts payable (including related parties)	94,867	112,187
Long-term borrowings (including current portion)	275,980	259,458
Guarantee deposits received	9,023	8,727
	<hr/> \$ 809,347	<hr/> \$ 682,977
Lease liabilities (including current portion)	<hr/> \$ 21,428	<hr/> \$ 29,893

**B. Financial risk management policies**

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts, are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) The Group's significant financial activities are reviewed by the Board of Directors in accordance with related regulations and internal control system. In the period of executing financial plan, the Group should follow related financial operational procedures in relation to whole financial risk management and separation of rights and responsibilities.
- (c) For the information on the derivative financial instruments that the Group enters into, refer to Note 6(2).

**C. Significant financial risks and degrees of financial risks**

- (a) Market risk

**Exchange rate risk**

- i. The Group's businesses involve some non-functional currency operations (the Company's and part of its subsidiaries' functional currency: NTD, part of its 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:

December 31, 2023					
Foreign currency					
(Foreign currency: functional currency)	amount (In thousands)	Exchange rate	Book value (NTD)		
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 1,000	30.71	\$	30,710	
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : VND	\$ 1,000	24,667	\$	30,710	
EUR : NTD	140	33.98		4,743	

December 31, 2022					
Foreign currency					
(Foreign currency: functional currency)	amount (In thousands)	Exchange rate	Book value (NTD)		
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 1,000	30.71	\$	30,710	
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : VND	\$ 1,000	23,899	\$	30,710	

- ii. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to (\$1,180) and (\$1,992), respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
Sensitivity analysis			
Degree of variation	Effect on profit or loss (NTD)		
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$	307
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	1%	\$	307

Year ended December 31, 2022			
(Foreign currency: functional currency)	Sensitivity analysis		
	Degree of variation	Effect on profit or loss (NTD)	
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$	307
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	1%	\$	307

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and 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 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased all were \$0, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$971 and \$1,054, 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

- i. The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars, Euro, Great Britain Pound and United States dollar.
- ii. For borrowings held by the Group at floating rates which was not expected to have significant changes, there were no significant risks in floating rates.

#### (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 independently rated parties with a minimum rating of 'A' 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 following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customers' accounts receivable in accordance with credit risk on trade. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Group's written-off financial assets that are still under recourse procedures amounted to \$5 and \$324, respectively.
- viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable and contract assets. On December 31, 2023 and 2022, the loss rate methodology is as follows:

	Individual	Group	Total
<u>December 31, 2023</u>			
Expected loss rate	100%	0.06%~96.89%	
Total book value	\$ 318	\$ 276,590	\$ 276,908
Loss allowance	\$ 318	\$ -	\$ 318
	Individual	Group	Total
<u>December 31, 2022</u>			
Expected loss rate	100%	0.05%~87.88%	
Total book value	\$ 318	\$ 317,418	\$ 317,736
Loss allowance	\$ 318	\$ -	\$ 318

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

	2023
	Accounts receivable
At January 1	\$ 318
Provision for impairment loss	5
Amounts written off due to irrecoverability	(5)
December 31	<u>\$ 318</u>

	2022
	Accounts receivable
At January 1	\$ 642
Amounts written off due to irrecoverability	(324)
December 31	<u>\$ 318</u>

The Group's impairment loss of accounts receivable all arose from customers' contract.

(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. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. The Group has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Expiring within one year	\$ 443,237	\$ 408,855

- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled 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 and to the expected maturity date for derivative financial liabilities.

December 31, 2023	Less than one year	Over one year	Total
<b><u>Non-derivative financial liabilities</u></b>			
Short-term borrowings	\$ 203,350	\$ -	\$ 203,350
Notes and accounts payable (including related parties)	226,102	-	226,102
Other payables (including related parties)	94,867	-	94,867
Lease liabilities (including current portion)	11,538	10,330	21,868
Long-term borrowings (including current portion)	49,031	243,448	292,479
Guarantee deposits received	9,023	-	9,023
<b><u>Derivative financial liabilities</u></b>			
Forward foreign exchange contracts	25	-	25
December 31, 2022	Less than one year	Over one year	Total
<b><u>Non-derivative financial liabilities</u></b>			
Short-term borrowings	\$ 50,500	\$ -	\$ 50,500
Notes and accounts payable (including related parties)	252,105	-	252,105
Other payables (including related parties)	111,898	289	112,187
Lease liabilities (including current portion)	13,132	17,490	30,622
Long-term borrowings (including current portion)	93,016	181,415	274,431
Guarantee deposits received	8,727	-	8,727

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### (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 investment in listed stocks and beneficiary certificates is 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. The fair value of the Group's investment in derivative instruments is included in Level 2.

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. Fair value information of investment property at cost is provided in Note 6(11).
  - C. 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), long-term notes receivable (including related parties), guarantee deposits paid, other financial assets (shown as other non-current financial assets), short-term borrowings, notes payable (including related parties), accounts payable (including related parties), other payables (including related parties), lease liabilities (including current portion), long-term borrowings (including current portion) and guarantee deposits received) approximate to their fair values.
  - D. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets at December 31, 2023 and 2022 are as follows:
- (a) The related information of natures of the assets 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	\$ 17,340	\$ -	\$ 79,762	\$ 97,102	
	<u>\$ 17,340</u>	<u>\$ -</u>	<u>\$ 79,762</u>	<u>\$ 97,102</u>	
Liabilities:					
<u>Recurring fair value measurements</u>					
Financial liabilities at fair value through other comprehensive income					
Derivatives	\$ -	\$ 25	\$ -	\$ 25	
	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 25</u>	

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Derivative instruments	\$ -	\$ 2	\$ -	\$ 2
Financial assets at fair value through other comprehensive income				
Equity securities	<u>19,680</u>	<u>-</u>	<u>85,762</u>	<u>105,442</u>
	<u>\$ 19,680</u>	<u>\$ 2</u>	<u>\$ 85,762</u>	<u>\$ 105,444</u>

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

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

- | Market quoted price  | Listed shares | Closing price |
|--|---------------|---------------|
| 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. |               |               |
| iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.  |               |               |
| iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.  |               |               |
| v. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.   |               |               |

- vi. 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.
- vii. 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.
- E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	<u>Equity instruments at fair value through other comprehensive income</u>	<u>Equity instruments at fair value through other comprehensive income</u>
At January 1	\$ 85,762	\$ 93,199
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	- ( 7,437)	- ( 7,437)
Sold in the year	( 6,000)	-
At December 31	<u>\$ 79,762</u>	<u>\$ 85,762</u>

- G. Financial 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 source 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.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
<b>Non-derivative equity instrument:</b>					
Unlisted shares	\$ 79,762	Discounted cash flow	Weighted average cost of capital	4.16%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	30.00%	The higher the discount for lack of marketability, the lower the fair value
<b>Non-derivative equity instrument:</b>					
Unlisted shares	\$ 6,000	Market comparable companies	Discount for lack of marketability	30.00%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	79,762	Discounted cash flow	Weighted average cost of capital	4.16%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	30.00%	The higher the discount for lack of marketability, the lower the fair value

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	Discount for lack of marketability, weighted average cost of capital	±1	\$ 798	(\$ 798)

			December 31, 2022	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	Discount for lack of marketability, weighted average cost of capital	±1	\$ 858	(\$ 858)

### 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 \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$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 \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: The amount was not significant.

#### (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

None.

(4) Major shareholders information

Please refer to table 4.

14. Operating Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

Since more than 90% of the Group's revenue and operations are arising from Taiwan, considering that the Group's chief operating decision-maker makes strategic decisions from a product type perspective, the information on the Group's operating segments will be presented in a product type, and would not disclose geographical information separately. The Group currently focuses on four business group, including transportation business, machinery transportation and hoisting business, LPG station business, and imports of foreign wine business. The operating scales of the other segments are not included in the reportable segments because they do not meet the quantitative thresholds for reportable segments as required by IFRS 8. The remaining segments are consolidated and disclosed under "Other segments", including rental income from the general affairs segment, warehouse rental income from the transportation and warehousing segment, and electricity retailing income from the power plants.

(2) Measurement of segment information

- A. The Group's chief operating decision-maker evaluates the performance of the operating segments based on the segments revenue and segments net operating profit or loss. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as goodwill impairments (when the impairment is the result of an isolated, non-recurring event), gains and losses on disposal of fixed assets, gains and losses on disposals of investments, the effects of unrealised valuation gain or loss of financial assets, interest income and interest expenses are also not classified to operating segments, as this type of activity is managed by the Group's treasury segment.
- B. The accounting policies of operating segments are consistent with the accounting policies stated in Note 4 in the consolidated financial statements for the year ended December 31, 2023.

**(3) Information about segment profit or loss, assets and liabilities**

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

		Machinery			Imports of foreign wine			Amount of write-offs		Total
		Transportation	and hoisting	LPG station	Other	segments	segment	48,152	\$ 48,152	\$ 1,803,062
Year ended December 31, 2023		segment	segment	segment	48,152	48	48	(1,860)	(1,860)	-
Revenue from external customers	\$ 832,781	\$ 580,967	\$ 193,334	\$ 147,828	\$ 48,152	\$ 48,152	\$ 48,152	\$ 48,152	\$ 48,152	\$ 1,803,062
Inter-segment revenue	129	-	-	1,683	48	48	(1,860)	(1,860)	(1,860)	-
<b>Total segment revenue</b>	<b>\$ 832,910</b>	<b>\$ 580,967</b>	<b>\$ 193,334</b>	<b>\$ 149,511</b>	<b>\$ 48,200</b>	<b>\$ 48,200</b>	<b>\$ 1,860</b>	<b>\$ 1,860</b>	<b>\$ 1,860</b>	<b>\$ 1,803,062</b>
Segment income (loss)	\$ 53,804	\$ 89,977	\$ 2,479	\$ 12,547	\$ 70,618	\$ 70,618	\$ 70,618	\$ 70,618	\$ 70,618	\$ 88,189
Segment income, including depreciation and amortisation	\$ 61,416	\$ 27,536	\$ 3,736	\$ 2,086	\$ 17,994	\$ 17,994	\$ 17,994	\$ 17,994	\$ 17,994	\$ 112,768
		Machinery			Imports of foreign wine			Amount of write-offs		Total
		Transportation	and hoisting	LPG station	Other	segments	segment	37,780	\$ 37,780	\$ 1,957,328
Year ended December 31, 2022		segment	segment	segment	37,780	37,780	37,780	48	48	\$ 1,957,328
Revenue from external customers	\$ 1,049,208	\$ 463,395	\$ 194,033	\$ 212,912	\$ 37,780	\$ 37,780	\$ 37,780	48	48	-
Inter-segment revenue	166	-	-	1,276	48	48	(1,490)	(1,490)	(1,490)	-
<b>Total segment revenue</b>	<b>\$ 1,049,374</b>	<b>\$ 463,395</b>	<b>\$ 194,033</b>	<b>\$ 214,188</b>	<b>\$ 37,828</b>	<b>\$ 37,828</b>	<b>\$ 37,828</b>	<b>\$ 1,490</b>	<b>\$ 1,490</b>	<b>\$ 1,957,328</b>
Segment income (loss)	\$ 107,669	\$ 51,425	\$ 2,171	\$ 32,433	\$ 65,901	\$ 65,901	\$ 65,901	\$ 65,901	\$ 65,901	\$ 127,797
Segment income, including depreciation and amortisation	\$ 55,611	\$ 15,599	\$ 4,096	\$ 1,943	\$ 25,122	\$ 25,122	\$ 25,122	\$ 25,122	\$ 25,122	\$ 102,371

(4) Reconciliation for segment income (loss)

The Group's operating decision makers evaluate departmental performance and decide how to allocate resources, based on segment revenue and segment net operating profit or loss that measured in a manner consistent with that in the statement of comprehensive income.

(5) Information on products and services

Please refer to Note 14(3).

(6) Geographical information

None.

(7) Major customer information

The Group's operating income from a single customer does not exceed 10% of the consolidated operating income for the years ended December 31, 2023 and 2022.

**SEA & LAND INTEGRATED CORP.**

**Chairman: Ho, Ying-Jin**

**Publication date: April 30, 2024**