

**SHAN-LOONG TRANSPORTATION CO., LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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

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Independent Auditors' Review Report

To the Board of Directors of Shan-Loong Transportation Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Shan-Loong Transportation Co., Ltd. and its subsidiaries as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$1,001,014 thousand and \$799,436 thousand, constituting 10.37% and 7.89% of consolidated total assets as of September 30, 2022 and 2021, respectively, total liabilities amounting to \$331,391 thousand and \$269,213 thousand, constituting 7.01% and 5.76% of consolidated total liabilities as of September 30, 2022 and 2021, respectively, and the absolute value of total comprehensive income (loss) amounting to \$(165,147) thousand, \$(112,031) thousand, \$(242,425) thousand and \$(8,897) thousand, constituting 156.86%, 22.32%, 124.59% and 1.84% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2022 and 2021, respectively.

Furthermore, as stated in Note 6(g), the other equity accounted investments of Shan-Loong Transportation Co., Ltd. and its subsidiaries in its investee companies of \$66,331 thousand and \$81,967 thousand as of September 30, 2022 and 2021, and its equity in net earnings (losses) on these investee companies of \$1,983 thousand, \$3,038 thousand, \$(3,987) thousand and \$2,915 thousand for the three months and nine months ended September 30, 2022 and 2021, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Shan-Loong Transportation Co., Ltd. and its subsidiaries as of September 30, 2022 and 2021, and of their consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as their consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Jui-Lan Lo and Yiu-Kwan Au.

KPMG

Taipei, Taiwan (Republic of China)
November 11, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards as of September 30, 2022 and 2021

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31, 2021, and September 30, 2021

(expressed in thousands of New Taiwan Dollars)

		September 30, 2022		December 31, 2021		September 30, 2021				September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets															
Current assets:															
1100	Cash and cash equivalents (note (6)(a))	\$ 926,479	10	1,553,286	15	1,356,560	13	2100	Short-term borrowings (note (6)(i))	\$ 40,000	1	40,000	-	40,000	-
1170	Notes and accounts receivable, net (note (6)(c))	527,177	5	649,969	6	583,486	6	2150	Notes and accounts payable (note (7))	1,506,708	16	1,586,129	16	1,389,620	14
1180	Notes and accounts receivable due from related parties, net (notes (6)(c) and (7))	286,179	3	316,727	3	278,902	3	2200	Other payables (note (7))	417,558	4	507,468	5	441,929	5
1476	Other current financial assets (notes (6)(d) and (7))	477,939	5	78,793	1	79,223	1	2230	Current income tax liabilities	10,744	-	45,481	-	45,182	1
1300	Inventories, net (note (6)(e))	284,421	3	223,277	2	193,145	2	2280	Current lease liabilities (notes (6)(k) and (7))	208,540	2	209,461	2	211,515	2
1479	Other current assets	104,441	1	45,318	-	66,461	-	2130	Current contract liabilities (note (6)(p))	35,042	-	21,815	-	19,420	-
		<u>2,606,636</u>	<u>27</u>	<u>2,867,370</u>	<u>27</u>	<u>2,557,777</u>	<u>25</u>	2250	Provisions	4,716	-	18,863	-	31,348	-
								2399	Other current liabilities	26,917	-	17,422	-	22,294	-
Non-current assets:															
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(b))	1,934,926	20	2,446,133	24	2,507,501	25	2320	Long-term liabilities, current portion (note (6)(j))	1,229,000	13	1,047,651	10	734,249	7
1550	Investments accounted for using equity method, net (note (6)(f))	66,331	1	71,325	1	81,967	1			<u>3,479,225</u>	<u>36</u>	<u>3,494,290</u>	<u>33</u>	<u>2,935,557</u>	<u>29</u>
1600	Property, plant and equipment (notes (6)(g), (7) and (8))	3,647,835	38	3,609,511	35	3,622,845	36	Non-current liabilities:							
1755	Right-of-use asset (notes (6)(h) and (7))	1,013,342	10	1,075,528	10	1,094,645	11	2540	Long-term borrowings (note (6)(j))	162,700	2	227,049	2	540,451	5
1840	Deferred income tax assets	34,636	-	37,052	-	38,555	-	2570	Deferred income tax liabilities	144,921	2	164,292	2	176,296	2
1990	Other non-current assets (note (8))	349,414	4	246,278	3	228,714	2	2580	Non-current lease liabilities (notes (6)(k) and (7))	828,377	8	890,087	9	903,844	9
		<u>7,046,484</u>	<u>73</u>	<u>7,485,827</u>	<u>73</u>	<u>7,574,227</u>	<u>75</u>	2640	Non-current net defined benefit liability	102,358	1	102,434	1	96,727	1
								2645	Guarantee deposits received	13,158	-	18,262	-	18,244	-
										<u>1,251,514</u>	<u>13</u>	<u>1,402,124</u>	<u>14</u>	<u>1,735,562</u>	<u>17</u>
									Total liabilities	<u>4,730,739</u>	<u>49</u>	<u>4,896,414</u>	<u>47</u>	<u>4,671,119</u>	<u>46</u>
									Equity:						
									Equity attributable to owners of parent: (note (6)(n))						
								3110	Ordinary share	1,372,818	14	1,372,818	13	1,372,818	13
								3200	Capital surplus	586,742	6	583,359	6	583,359	6
								3300	Retained earnings	1,820,152	19	1,944,149	19	1,888,134	19
								3400	Other equity	957,818	10	1,387,647	13	1,450,722	14
								3500	Treasury shares	(31,863)	-	(31,863)	-	(31,863)	-
										<u>4,705,667</u>	<u>49</u>	<u>5,256,110</u>	<u>51</u>	<u>5,263,170</u>	<u>52</u>
								36XX	Non-controlling interests	216,714	2	200,673	2	197,715	2
									Total equity	<u>4,922,381</u>	<u>51</u>	<u>5,456,783</u>	<u>53</u>	<u>5,460,885</u>	<u>54</u>
Total assets		<u>\$ 9,653,120</u>	<u>100</u>	<u>10,353,197</u>	<u>100</u>	<u>10,132,004</u>	<u>100</u>	Total liabilities and equity		<u>\$ 9,653,120</u>	<u>100</u>	<u>10,353,197</u>	<u>100</u>	<u>10,132,004</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

(expressed in thousands of New Taiwan Dollars, except for earnings per share)

	For the three months ended September 30,				For the nine months ended September 30,			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (notes (6)(p) and (7))	\$ 4,542,659	100	4,784,139	100	14,102,125	100	13,721,017	100
5000 Operating costs (notes (6)(e), (7) and (12))	<u>4,218,108</u>	<u>93</u>	<u>4,316,334</u>	<u>90</u>	<u>12,974,949</u>	<u>92</u>	<u>12,357,201</u>	<u>90</u>
5900 Gross profit from operations	<u>324,551</u>	<u>7</u>	<u>467,805</u>	<u>10</u>	<u>1,127,176</u>	<u>8</u>	<u>1,363,816</u>	<u>10</u>
Operating expenses (notes (7) and (12)):								
6100 Selling expenses	135,747	3	131,298	3	407,086	3	406,245	3
6200 Administrative expenses	<u>183,222</u>	<u>4</u>	<u>217,502</u>	<u>4</u>	<u>618,712</u>	<u>4</u>	<u>650,340</u>	<u>5</u>
	<u>318,969</u>	<u>7</u>	<u>348,800</u>	<u>7</u>	<u>1,025,798</u>	<u>7</u>	<u>1,056,585</u>	<u>8</u>
6900 Net operating income	<u>5,582</u>	<u>-</u>	<u>119,005</u>	<u>3</u>	<u>101,378</u>	<u>1</u>	<u>307,231</u>	<u>2</u>
Non-operating income and expenses:								
7010 Other income (note (7))	14,714	-	14,336	-	46,154	-	51,018	-
7020 Other gains and losses, net (note (6)(r))	17,796	-	5,577	-	28,527	-	6,324	-
7050 Finance costs (notes (6)(k) and (7))	(8,589)	-	(7,658)	-	(26,783)	-	(23,371)	-
7060 Shares of profit (loss) of associates and joint ventures accounted for using equity method, net (note (6)(f))	1,430	-	3,038	-	3,846	-	2,915	-
7100 Interest income	1,232	-	1,011	-	4,021	-	3,048	-
7130 Dividend income	1,822	-	105,030	2	112,687	1	105,030	1
7210 Gains (losses) on disposals of property, plant and equipment (note (7))	(719)	-	(456)	-	(984)	-	205	-
7590 Miscellaneous disbursements	<u>(3,524)</u>	<u>-</u>	<u>(3,761)</u>	<u>-</u>	<u>(10,542)</u>	<u>-</u>	<u>(8,718)</u>	<u>-</u>
	<u>24,162</u>	<u>-</u>	<u>117,117</u>	<u>2</u>	<u>156,926</u>	<u>1</u>	<u>136,451</u>	<u>1</u>
7900 Profit before tax	29,744	-	236,122	5	258,304	2	443,682	3
7950 Less: Income tax expenses (note (6)(m))	<u>7,906</u>	<u>-</u>	<u>33,933</u>	<u>1</u>	<u>32,640</u>	<u>-</u>	<u>81,763</u>	<u>-</u>
8200 Profit	<u>21,838</u>	<u>-</u>	<u>202,189</u>	<u>4</u>	<u>225,664</u>	<u>2</u>	<u>361,919</u>	<u>3</u>
8300 Other comprehensive income:								
8310 Items that may not be reclassified subsequently to profit or loss:								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note (6)(r))	88,705	2	(749,795)	(16)	(451,031)	(3)	129,337	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 (note (6)(f))	553	-	-	-	(7,833)	-	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(m))	<u>13,252</u>	<u>-</u>	<u>(45,271)</u>	<u>(1)</u>	<u>(19,371)</u>	<u>-</u>	<u>8,008</u>	<u>-</u>
	<u>76,006</u>	<u>2</u>	<u>(704,524)</u>	<u>(15)</u>	<u>(439,493)</u>	<u>(3)</u>	<u>121,329</u>	<u>1</u>
8360 Items that may be reclassified subsequently to profit or loss:								
8361 Exchange differences on translation of foreign financial statements	8,345	-	544	-	21,665	-	914	-
8399 Income tax related to components of other comprehensive income that may be reclassified to profit or loss (note (6)(m))	<u>906</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>2,416</u>	<u>-</u>	<u>(21)</u>	<u>-</u>
	<u>7,439</u>	<u>-</u>	<u>495</u>	<u>-</u>	<u>19,249</u>	<u>-</u>	<u>935</u>	<u>-</u>
8300 Other comprehensive income (loss)	<u>83,445</u>	<u>2</u>	<u>(704,029)</u>	<u>(15)</u>	<u>(420,244)</u>	<u>(3)</u>	<u>122,264</u>	<u>1</u>
8500 Total comprehensive income	<u>\$ 105,283</u>	<u>2</u>	<u>(501,840)</u>	<u>(11)</u>	<u>(194,580)</u>	<u>(1)</u>	<u>484,183</u>	<u>4</u>
Profit, attributable to:								
8610 Owners of parent	\$ 19,691	-	200,729	4	219,208	2	354,780	3
8620 Non-controlling interests	<u>2,147</u>	<u>-</u>	<u>1,460</u>	<u>-</u>	<u>6,456</u>	<u>-</u>	<u>7,139</u>	<u>-</u>
	<u>\$ 21,838</u>	<u>-</u>	<u>202,189</u>	<u>4</u>	<u>225,664</u>	<u>2</u>	<u>361,919</u>	<u>3</u>
Total comprehensive income attributable to:								
8710 Owners of parent	\$ 99,319	2	(503,598)	(11)	(210,621)	(1)	476,024	4
8720 Non-controlling interests	<u>5,964</u>	<u>-</u>	<u>1,758</u>	<u>-</u>	<u>16,041</u>	<u>-</u>	<u>8,159</u>	<u>-</u>
	<u>\$ 105,283</u>	<u>2</u>	<u>(501,840)</u>	<u>(11)</u>	<u>(194,580)</u>	<u>(1)</u>	<u>484,183</u>	<u>4</u>
Earnings per share (note (6)(o))								
9750 Basic earnings per share	<u>\$ 0.14</u>		<u>1.48</u>		<u>1.61</u>		<u>2.61</u>	
9850 Diluted earnings per share	<u>\$ 0.14</u>		<u>1.47</u>		<u>1.61</u>		<u>2.60</u>	

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
For the nine months ended September 30, 2022 and 2021
 (expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Ordinary shares	Capital surplus	Legal reserve	Retained earnings		Exchange differences on translation of foreign financial statements	Other equity		Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
				Unappropriated retained earnings	Total retained earnings		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity				
Balance on January 1, 2021	\$ 1,372,818	580,381	445,013	1,345,129	1,790,142	(23,229)	1,397,939	1,374,710	(31,863)	5,086,188	189,556	5,275,744
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	36,061	(36,061)	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(302,020)	(302,020)	-	-	-	-	(302,020)	-	(302,020)
Profit (loss) for the nine months ended September 30, 2021	-	-	36,061	(338,081)	(302,020)	-	-	-	-	(302,020)	-	(302,020)
Other comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	354,780	354,780	-	-	-	-	354,780	7,139	361,919
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	354,780	354,780	(85)	121,329	121,244	-	121,244	1,020	122,264
Adjustments of capital surplus for the company's cash dividends received by subsidiaries	-	2,978	-	-	-	-	-	-	-	2,978	-	2,978
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	45,232	45,232	-	(45,232)	(45,232)	-	-	-	-
Balance on September 30, 2021	\$ 1,372,818	583,359	481,074	1,407,060	1,888,134	(23,314)	1,474,036	1,450,722	(31,863)	5,263,170	197,715	5,460,885
Balance on January 1, 2022	\$ 1,372,818	583,359	481,074	1,463,075	1,944,149	(21,937)	1,409,584	1,387,647	(31,863)	5,256,110	200,673	5,456,783
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	45,602	(45,602)	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(343,205)	(343,205)	-	-	-	-	(343,205)	-	(343,205)
Profit (loss) for the nine months ended September 30, 2022	-	-	45,602	(388,807)	(343,205)	-	-	-	-	(343,205)	-	(343,205)
Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	219,208	219,208	-	-	-	-	219,208	6,456	225,664
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	219,208	219,208	9,664	(439,493)	(429,829)	-	(429,829)	9,585	(420,244)
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	3,383	-	-	-	-	-	-	-	3,383	-	3,383
Balance on September 30, 2022	\$ 1,372,818	586,742	526,676	1,293,476	1,820,152	(12,273)	970,091	957,818	(31,863)	4,705,667	216,714	4,922,381

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2022 and 2021

(expressed in thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 258,304	443,682
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	364,549	372,028
Net profit on financial assets or liabilities at fair value through profit or loss	-	(6,480)
Interest expense	26,783	23,371
Interest income	(4,021)	(3,048)
Dividend income	(112,687)	(105,030)
Share of (profit) loss of associates and joint ventures accounted for using equity method	(3,846)	(2,915)
Loss (gain) on disposal of property, plant and equipment	984	(205)
Others	-	(5,889)
	<u>271,762</u>	<u>271,832</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss	-	355,534
Decrease (increase) in notes and accounts receivable	153,340	(10,791)
Decrease (increase) in inventories	(61,144)	460
Decrease (increase) in other current financial assets	(1,676)	(11,105)
Decrease (increase) in other current assets	(46,377)	(24,366)
Increase (decrease) in notes and accounts payable	(79,421)	25,119
Increase (decrease) in provisions	(14,147)	5,356
Increase (decrease) in other payables and other current liabilities	(80,415)	(30,212)
Increase (decrease) in net defined benefit liabilities	(76)	(1,177)
Increase (decrease) in contract liabilities	13,227	5,843
	<u>(116,689)</u>	<u>314,661</u>
Total adjustments	<u>155,073</u>	<u>586,493</u>
Cash inflow (outflow) generated from (used in) operations	413,377	1,030,175
Dividends received	113,694	105,634
Interest paid	(26,783)	(23,371)
Interest received	4,021	3,048
Income taxes paid	(80,123)	(106,618)
Net cash flows from (used in) operating activities	<u>424,186</u>	<u>1,008,868</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(4,655)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	60,176	-
Acquisition of property, plant and equipment	(233,113)	(149,139)
Proceeds from disposal of property, plant and equipment	4,372	80,974
Decrease (increase) in refundable deposits	5,786	635
Increase in other financial assets	(395,055)	-
Increase in prepayments for business facilities	(111,337)	(28,053)
Net cash flows from (used in) investing activities	<u>(669,171)</u>	<u>(100,238)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	-	40,000
Proceeds from long-term borrowings	217,000	200,000
Repayments of long-term borrowings	(100,000)	(100,000)
Increase (decrease) in guarantee deposit received	(5,104)	907
Payment of lease liabilities	(174,569)	(180,299)
Cash dividends paid	(339,822)	(299,042)
Net cash flows from (used in) financing activities	<u>(402,495)</u>	<u>(338,434)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>20,673</u>	<u>(44)</u>
Net increase (decrease) in cash and cash equivalents	(626,807)	570,152
Cash and cash equivalents at beginning of period	<u>1,553,286</u>	<u>786,408</u>
Cash and cash equivalents at end of period	<u>\$ 926,479</u>	<u>1,356,560</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2022 and 2021

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

(1) Company history

Shan-loong Transportation Co., Ltd. (the “Company”) was incorporated in April 6, 1976 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 1F, No. 1-2, Sec. 1, Minsheng Rd., Banqiao Dist., New Taipei City. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). The major business activities of the Group are freight transportation, container trucking, truck repair and maintenance, sale of truck, gas station, and import and export agent, etc. Furthermore, one of the Group entities engages in the investing activities. Please refer to note 4(b) for related information.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on November 11, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

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

(Continued)

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- Amendments to IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

(4) Summary of significant accounting policies:

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

- (b) Basis of consolidation

- (i) List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	Shan Loong Investment Co., Ltd. (Shan-Loong Investment)	Investing activities	100 %	100 %	100 %	
The Company	Shan Loong International & Customs Broker Co., Ltd. (Shan Loong Customs Broker)	Import and export agent services	100 %	100 %	100 %	Note 1
The Company	Shan Loong Motors Co., Ltd. (Shan Loong Motors)	Truck repair, maintenance and sales	100 %	100 %	100 %	Note1
The Company	Shan-Loong International holdings Co., Ltd. (Shan-Loong International)	Investing activities	100 %	100 %	100 %	

(Continued)

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
Shan-Loong International	Long Yun Investment Holding Co, Ltd. (Long Yun)	Investing activities	100 %	100 %	100 %	
"	Loong De Investment Co., Ltd. (Loong De)	Investing activities	100 %	100 %	100 %	
Long Yun	Shanghai Shan Tong Logistic Co., Ltd. (Shanghai Shan Tong)	Truck freight transportation and warehousing	60 %	60 %	60 %	
Loong De	Shan-Loong Logistics Co., Ltd.	Warehousing, freight transportation and related agent	51 %	51 %	51 %	Note 1

Note 1: The subsidiary is a non-significant subsidiary, and its financial statements have not been reviewed.

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(e) Revenue recognition-Installment sales revenue

The revenue from installment sales is calculated using ordinary sales method. Under this method, gross profit between sales determined at normal selling price and cost of sales is recognized on selling date. The excess installment sales over the sales determined at normal selling price is treated as unearned interest revenue, which is subsequently recognized as interest revenue by using the interest method. Unearned interest revenue is treated as a deduction item of installment sales receivable. Installment sales are recognized as revenue when control of products has been transferred.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(Continued)

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 20,099	13,287	14,187
Checking accounts and demand deposits	731,160	1,384,489	1,185,442
Time deposits	<u>175,220</u>	<u>155,510</u>	<u>156,931</u>
	<u>\$ 926,479</u>	<u>1,553,286</u>	<u>1,356,560</u>

Please refer to note (6)(r) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets of the Group.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Equity investments at fair value through other comprehensive income:			
Stocks listed on domestic markets	\$ 1,552,104	2,059,749	2,080,171
Stocks unlisted on domestic markets	181,579	181,579	172,262
Stocks unlisted on foreign markets	<u>201,243</u>	<u>204,805</u>	<u>255,068</u>
	<u>\$ 1,934,926</u>	<u>2,446,133</u>	<u>2,507,501</u>

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

(ii) Base on the resolution approved during the stockholders' meeting held on July 18, 2022, Chung Loong Paper Holdings Limited, which the Group holds as equity investments at fair value through other comprehensive income, decided to reduce 60% of its capital by cash. In July 2022, the Group received all the refund amount of \$60,176 (US\$2,009 thousand) in proportion to the percentage of ownership in its investment. The Group assessed the transaction mentioned above was the return of the original investment cost and decreased the carrying amount of the investment.

(Continued)

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) In April, 2021, the Group acquired some part of shares of Ko Loong Industry Co., Ltd. (Ko Loong), and the percentage of ownership increased to 19.75%. The Group assessed that it had significant influence over Ko Loong. Therefore, the Group derecognized the assets, which were accounted for under the financial assets measured at fair value through other comprehensive income, at the fair value amounted to \$76,774. The gain on disposal of the investments amounting to \$45,232 was transferred to retained earnings from other equity. There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of for the nine months ended September 30, 2022.

(iv) For market risk of the Group, please refer to note (6)(r).

(v) The Group had not been pledged any financial assets as collateral for its borrowings.

(c) Notes and accounts receivable (including related parties)

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 15,807	47,348	28,080
Accounts receivable	729,402	922,417	837,377
Less: allowance for impairment	<u>(3,069)</u>	<u>(3,069)</u>	<u>(3,069)</u>
	<u>742,140</u>	<u>966,696</u>	<u>862,388</u>
Installment sales receivable	76,065	-	-
Less: Unearned interests	<u>(4,849)</u>	<u>-</u>	<u>-</u>
	<u>71,216</u>	<u>-</u>	<u>-</u>
	<u>\$ 813,356</u>	<u>966,696</u>	<u>862,388</u>
Notes and accounts receivable, net	<u>\$ 527,177</u>	<u>649,969</u>	<u>583,486</u>
Notes and accounts receivable due from related parties, net	<u>\$ 286,179</u>	<u>316,727</u>	<u>278,902</u>

(i) The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including the reasonable prediction of historical credit loss experience and the future economic situation. As of September 30, 2022, December 31, 2021 and September 30, 2021, the loss allowance provisions were determined as follows:

(Continued)

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2022				
	Gross carrying amount		Loss rate		Loss allowance provision
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	
Installment sales receivable	\$ -	76,065	-	-	-
Notes and accounts receivable					
Aging under 60 days	11,848	700,336	-	-	-
Aging 61~90 days	2,616	8,578	1%	1%	31
Aging 91~120 days	1,343	6,078	5%	60%	227
Aging 121~150 days	-	3,892	10%	60%	-
Aging 151~180 days	-	99	10%	80%	5
Aging 181~365 days	-	100	10%	90%	90
Aging over 365 days	-	10,319	100%	100%	664
	<u>\$ 15,807</u>	<u>805,467</u>			<u>1,017</u>

	December 31, 2021				
	Gross carrying amount		Loss rate		Loss allowance provision
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	
Notes and accounts receivable					
Aging under 60 days	\$ 37,957	902,916	-	-	-
Aging 61~90 days	6,804	3,296	1%	1%	76
Aging 91~120 days	2,587	3,733	5%	60%	124
Aging 121~150 days	-	27	10%	60%	-
Aging 151~180 days	-	23	10%	80%	-
Aging 181~365 days	-	2,381	10%	90%	2,145
Aging over 365 days	-	10,041	100%	100%	664
	<u>\$ 47,348</u>	<u>922,417</u>			<u>3,009</u>

	September 30, 2021				
	Gross carrying amount		Loss rate		Loss allowance provision
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	
Notes and accounts receivable					
Aging under 60 days	\$ 22,099	823,272	-	-	-
Aging 61~90 days	5,281	1,754	1%	1%	57
Aging 91~120 days	700	8	5%	60%	34
Aging 121~150 days	-	-	10%	60%	-
Aging 151~180 days	-	-	10%	80%	-
Aging 181~365 days	-	2,396	10%	90%	2,158
Aging over 365 days	-	9,947	100%	100%	655
	<u>\$ 28,080</u>	<u>837,377</u>			<u>2,904</u>

(Continued)

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) The Group's installment sales receivable and related accounts were as follows:

	Gross installment sales (Tax included)	Unearned interests	Present value of installment sales receivable
September 30, 2022			
Within 1 year	\$ 28,472	(1,676)	26,796
Beyond 1 year to 5 years	<u>47,593</u>	<u>(3,173)</u>	<u>44,420</u>
	<u><u>\$ 76,065</u></u>	<u><u>(4,849)</u></u>	<u><u>71,216</u></u>

The clients pledged their trucks purchased from the Group as collateral for the above mentioned installment sales receivable.

(iii) The movements in the allowance for notes and accounts receivable were as follows:

	For the nine months ended September 30,	
	<u>2022</u>	<u>2021</u>
Balance on January 1 (same as balance on September 30)	<u>\$ 3,069</u>	<u>3,069</u>

(iv) As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group did not pledge any notes and accounts receivable as collateral for its borrowings.

(d) Other current financial assets

	September 30, 2022	December 31, 2021	September 30, 2021
Other receivables	\$ 91,154	89,478	89,908
Less: loss allowance	<u>(13,100)</u>	<u>(13,100)</u>	<u>(13,100)</u>
	78,054	76,378	76,808
Deposits that cannot be withdrawn at anytime	395,055	-	-
Refundable deposits-current	<u>4,830</u>	<u>2,415</u>	<u>2,415</u>
	<u><u>\$ 477,939</u></u>	<u><u>78,793</u></u>	<u><u>79,223</u></u>

For further credit risk information, please refers to note (6)(r).

(Continued)

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Premium Diesel	\$ 69,173	64,801	46,783
Unleaded Gasoline #92	40,986	48,328	44,363
Unleaded Gasoline #95	67,732	67,696	54,393
Unleaded Gasoline #98	22,073	28,427	23,319
By-product and other	<u>84,457</u>	<u>14,025</u>	<u>24,287</u>
	<u>\$ 284,421</u>	<u>223,277</u>	<u>193,145</u>

The Group recognized as cost of sales amounted to \$3,269,958, \$3,133,741, \$9,709,614 and \$8,830,895, respectively, for the three months and nine months ended September 30, 2022 and 2021.

The gain on physical inventory amounted to \$7,593, \$8,859, \$31,726 and \$27,993, respectively, which was recorded as cost of sales for the three months and nine months ended September 30, 2022 and 2021.

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group did not pledge any inventories as collateral for its borrowings.

(f) Investments accounted for using the equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	<u>\$ 66,331</u>	<u>71,325</u>	<u>81,967</u>

- (i) The Group originally held certain portion of the common shares of Ko Loong, which was accounted for under the financial assets at fair value through other comprehensive income. In April 2021, the Group acquired additional shares of Ko Loong, resulting in its percentage of ownership to increase to 19.75%. Hence, the Group assessed that it had significant influence over Ko Loong, which led the Group to remeasure the fair value of its assets of the acquisition date, and account it for using the equity method.

(Continued)

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Attributable to the Group:				
Profit (loss)	\$ 1,430	3,038	3,846	2,915
Other comprehensive income (loss)	553	-	(7,833)	-
Comprehensive income (loss)	<u>\$ 1,983</u>	<u>3,038</u>	<u>(3,987)</u>	<u>2,915</u>

- (iii) The investments were accounted for using the equity method, and the share of profit or loss and other comprehensive income of those investments was calculated based on the financial statements that have not been reviewed.

- (iv) The Group did not provide any investment accounted for using the equity method as collateral for its loans.

- (g) Property, plant and equipment

The movements in the property, plant and equipment of the Group were as follows:

	Land	Buildings	Gasoline equipment	Transportation equipment	Miscellaneous equipment	Unfinished construction and equipment under installation	Total
Cost:							
Balance on January 1, 2022	\$ 2,006,541	903,316	155,502	2,019,052	448,412	13,911	5,546,734
Additions	-	8,957	8,463	139,144	70,887	5,662	233,113
Disposals	-	(571)	(1,114)	(44,427)	(18,015)	-	(64,127)
Reclassifications	-	90	10,481	-	-	(10,571)	-
Effect of movements in exchange rates	-	-	-	1,726	1	-	1,727
Balance on September 30, 2022	<u>\$ 2,006,541</u>	<u>911,792</u>	<u>173,332</u>	<u>2,115,495</u>	<u>501,285</u>	<u>9,002</u>	<u>5,717,447</u>
Balance on January 1, 2021	\$ 2,008,967	810,856	152,190	2,047,790	514,087	-	5,533,890
Additions	-	60,698	3,312	39,001	32,069	14,059	149,139
Disposals	-	(224)	-	(35,879)	(118,504)	-	(154,607)
Reclassifications	(2,426)	18,983	-	-	-	615	17,172
Effect of movements in exchange rates	-	-	-	1,205	-	-	1,205
Balance on September 30, 2021	<u>\$ 2,006,541</u>	<u>890,313</u>	<u>155,502</u>	<u>2,052,117</u>	<u>427,652</u>	<u>14,674</u>	<u>5,546,799</u>

(Continued)

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Buildings	Gasoline equipment	Transportation equipment	Miscellaneous equipment	Unfinished construction and equipment under installation	Total
Depreciation:							
Balance on January 1, 2022	\$ -	368,701	111,360	1,147,617	309,545	-	1,937,223
Depreciation	-	28,247	7,274	117,837	37,067	-	190,425
Disposals	-	(425)	(1,112)	(40,984)	(16,250)	-	(58,771)
Effect of movements in exchange rates	-	-	-	735	-	-	735
Balance on September 30, 2022	<u>\$ -</u>	<u>396,523</u>	<u>117,522</u>	<u>1,225,205</u>	<u>330,362</u>	<u>-</u>	<u>2,069,612</u>
Balance on January 1, 2021	\$ -	335,278	98,318	1,070,002	304,927	-	1,808,525
Depreciation	-	24,353	9,928	118,410	36,329	-	189,020
Disposals	-	(48)	-	(32,204)	(41,586)	-	(73,838)
Effect of movements in exchange rates	-	-	-	247	-	-	247
Balance on September 30, 2021	<u>\$ -</u>	<u>359,583</u>	<u>108,246</u>	<u>1,156,455</u>	<u>299,670</u>	<u>-</u>	<u>1,923,954</u>
Carrying amounts:							
Balance on January 1, 2022	<u>\$ 2,006,541</u>	<u>534,615</u>	<u>44,142</u>	<u>871,435</u>	<u>138,867</u>	<u>13,911</u>	<u>3,609,511</u>
Balance on September 30, 2022	<u>\$ 2,006,541</u>	<u>515,269</u>	<u>55,810</u>	<u>890,290</u>	<u>170,923</u>	<u>9,002</u>	<u>3,647,835</u>
Balance on January 1, 2021	<u>\$ 2,008,967</u>	<u>475,578</u>	<u>53,872</u>	<u>977,788</u>	<u>209,160</u>	<u>-</u>	<u>3,725,365</u>
Balance on September 30, 2021	<u>\$ 2,006,541</u>	<u>530,730</u>	<u>47,256</u>	<u>895,662</u>	<u>127,982</u>	<u>14,674</u>	<u>3,622,845</u>

(i) The Group is restricted by the law and cannot acquire agricultural land in the name of the Group; therefore, the agricultural lands are registered in the name of the chairman of the Company and other natural persons. As of December 31, and June 30, 2021, the agricultural land located in Mailiao and Taoyuan with an aggregate carrying value of \$228,581 was held in the names of the chairman of the Company, Jen-Hao Cheng, the former chairman of the Company, Wen-Ming Cheng (the chairman at the time of the transaction) and other natural persons. For the six months ended June 30, 2022, some part of the agricultural land had been transferred back to the Group after the change of land category. Moreover, some part of the above agricultural land was transferred to the chairman of the Company, Jen-Hao Cheng. As of September 30, 2022, all the agricultural lands located in Mailiao and Taoyuan with a carrying value of \$215,304, were registered in the name of the chairman of the Company, Jen-Hao Cheng. The Group has the “Other rights certificate” of the land or has an agreement with both parties to verify that the Group is the actual owner of the land.

(ii) As of September 30, 2022, December 31, 2021 and September 30, 2021, the portion of property, plant and equipment of the Group had been pledged as collateral for its credit lines of the bank. Please refer to note (8).

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Right-of-use assets

The Group leases many assets including land and buildings. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Others</u>	<u>Total</u>
Cost or deemed cost:				
Balance on January 1, 2022	\$ 264,408	1,393,037	14,571	1,672,016
Additions	19,086	92,935	-	112,021
Reductions	-	(232)	-	(232)
Balance on September 30, 2022	<u>\$ 283,494</u>	<u>1,485,740</u>	<u>14,571</u>	<u>1,783,805</u>
Balance on January 1, 2021	\$ 452,955	1,296,974	14,281	1,764,210
Additions	82,162	64,359	290	146,811
Reductions	(270,709)	(2,658)	-	(273,367)
Balance on September 30, 2021	<u>\$ 264,408</u>	<u>1,358,675</u>	<u>14,571</u>	<u>1,637,654</u>
Depreciation:				
Balance on January 1, 2022	\$ 69,243	520,687	6,558	596,488
Depreciation	31,124	140,966	2,034	174,124
Reductions	-	(149)	-	(149)
Balance on September 30, 2022	<u>\$ 100,367</u>	<u>661,504</u>	<u>8,592</u>	<u>770,463</u>
Balance on January 1, 2021	\$ 101,509	342,194	3,885	447,588
Depreciation	43,116	137,896	1,996	183,008
Reductions	(84,929)	(2,658)	-	(87,587)
Balance on September 30, 2021	<u>\$ 59,696</u>	<u>477,432</u>	<u>5,881</u>	<u>543,009</u>
Carrying amount:				
Balance on January 1, 2022	<u>\$ 195,165</u>	<u>872,350</u>	<u>8,013</u>	<u>1,075,528</u>
Balance on September 30, 2022	<u>\$ 183,127</u>	<u>824,236</u>	<u>5,979</u>	<u>1,013,342</u>
Balance on January 1, 2021	<u>\$ 351,446</u>	<u>954,780</u>	<u>10,396</u>	<u>1,316,622</u>
Balance on September 30, 2021	<u>\$ 204,712</u>	<u>881,243</u>	<u>8,690</u>	<u>1,094,645</u>

For the nine months ended September 30, 2022 and 2021, the increase in the Group's right-of-use assets was mainly due to the increase in gas station leases; and the decrease was mainly derived from the terminating of the lease contract with Cheng Loong, which is located in Qingshui District, Taichung City.

(i) Short-term borrowings

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Short-term borrowings	<u>\$ 40,000</u>	<u>40,000</u>	<u>40,000</u>
Unused short-term credit lines	<u>\$ 124,000</u>	<u>544,000</u>	<u>594,000</u>
Range of interest rates	<u>1.5%~2.01%</u>	<u>1.63%</u>	<u>1.05%~1.5%</u>

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For information on interest rate risk and liquidity risk of the Group, please refer to note (6)(r).

(j) Long-term borrowings

	<u>Currency</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Secured bank loans	NTD	\$ 1,391,700	1,274,700	1,274,700
Less: current portion		<u>1,229,000</u>	<u>1,047,651</u>	<u>734,249</u>
		<u>\$ 162,700</u>	<u>227,049</u>	<u>540,451</u>
Unused long-term credit lines		<u>\$ 287,300</u>	<u>254,300</u>	<u>224,300</u>
Range of interest rates		<u>1%~1.74%</u>	<u>0.97%~1.3%</u>	<u>0.97%~1.3%</u>
Maturity year		<u>2022~2027</u>	<u>2022~2025</u>	<u>2021~2025</u>

(i) Issuance and repayment of the loans

The Group's additional amounts in loans for the nine months ended September 30, 2022 and 2021, were \$217,000 and \$200,000, respectively; and the repayments, including prepaying the loans, were \$100,000 and \$100,000, respectively.

(ii) As of September 30, 2022, the repayment schedule for the long-term borrowings was as follows:

<u>Period</u>	<u>Amount</u>
2022.10.01~2023.09.30	\$ 1,229,000
2023.10.01~2024.09.30	31,179
2024.10.01~2025.09.30	53,960
2025.10.01~2026.09.30	54,612
2026.10.01~2027.02.18	<u>22,949</u>
	<u>\$ 1,391,700</u>

(iii) Please refer to note (6)(r) for the interest rate risk and liquidity risk information of the Group.

(iv) Please refer to note (8) for the collateral for the long-term borrowings.

(k) Lease liabilities

The lease liabilities of the Group were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current	<u>\$ 208,540</u>	<u>209,461</u>	<u>211,515</u>
Non-current	<u>\$ 828,377</u>	<u>890,087</u>	<u>903,844</u>

For the maturity analysis, please refer to note (6)(r).

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
The amounts recognized in profit or loss were as follows:				
Interest on lease liabilities	\$ <u>3,607</u>	<u>4,085</u>	<u>11,081</u>	<u>12,798</u>
Expenses relating to short-term leases	\$ <u>5,186</u>	<u>3,517</u>	<u>14,099</u>	<u>10,708</u>
Lease modification gains (recorded as other gains and losses)	\$ <u>-</u>	<u>(3,367)</u>	<u>-</u>	<u>(3,367)</u>

The amount recognized in the statement of cash flows for the Group was as follows:

	For the nine months ended	
	September 30,	
	2022	2021
Total cash outflow for leases	\$ <u>199,749</u>	<u>203,805</u>

(i) Leases of land and buildings

The Group leases a number of office space, gas stations, warehouses and land. These leases typically run for a period of 3 to 10 years.

(ii) Other leases

The Group leases a number of stackers with short-term contract terms. The Group has chosen not to recognize right-of-use assets and lease liabilities for these leases.

(l) Employee benefits

(i) Defined benefit plans

The management believes there was no material volatility of the market and no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Operating cost and operating expenses	\$ 963	1,103	2,894	3,306

(ii) Defined contribution plans

The Group recognized its pension costs under the defined contribution plans were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Operating cost and operating expenses	\$ 12,088	13,508	38,508	41,162

(m) Income taxes

The Group entities are subject to income tax rates according to the profit before tax of the interim reporting period multiplied by the best estimated measurement of the expected effective tax rate by the management in all the year.

(i) The amounts of income tax expenses were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Current income tax expenses				
Current period	\$ 7,906	33,428	34,365	81,258
Adjustment for prior periods	-	505	(1,725)	505
	\$ 7,906	33,933	32,640	81,763

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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- (ii) The amounts of income tax recognized directly in other comprehensive income were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	\$ 13,252	(45,271)	(19,371)	8,008
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ 906	49	2,416	(21)

- (iii) Assessment of tax

The tax returns of the Company and its R.O.C. subsidiaries for the years through 2020 were assessed by the Taipei National Tax Administration.

- (n) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to September 30, 2022 and 2021. For the related information, please refer to note (6)(o) of the consolidated financial statements for the year ended December 31, 2021.

- (i) Ordinary shares

As of September 30, 2022, December 31, 2021 and September 30, 2021, the number of authorized ordinary shares were both \$1,800,000 with a par value of \$10 per share, and of which \$1,372,818 were issued. All issued shares were paid up on issuance.

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(ii) Capital surplus

The balances of capital surplus were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Additional paid-in capital	\$ 520,206	520,206	520,206
Treasury share transactions	65,295	61,912	61,912
Other	<u>1,241</u>	<u>1,241</u>	<u>1,241</u>
	<u>\$ 586,742</u>	<u>583,359</u>	<u>583,359</u>

(iii) Retained earnings—earnings distribution and dividend policy

Based on the Company's article of incorporation amended before July 1, 2021, if there is any profit after tax after closing of books in a given year, the Company shall first offset the accumulated deficits, if any, and set aside 10% of it as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. Moreover, Company shall set aside or reserve a special reserve in accordance with laws and regulations. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

Based on the Company's article of incorporation amended after July 1, 2021, if there is any profit after tax after closing of books in a given year, the Company shall first offset the accumulated deficits, if any, and set aside 10% of it as legal reserve. The legal reserve shall be based on after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. Moreover, the Company shall set aside or reserve a special reserve in accordance with laws and regulations. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The abovementioned distribution shall be declared more than 30% to shareholders. The cash dividends shall not be lower than 10% of the total cash and stock dividends. However, stock dividends instead of cash dividends are declared if the cash dividends per share are less than NT\$0.1 (dollars). When there is a deduction from shareholders' equity, an amount equal to the deduction item is set aside as a special reserve (which does not qualify for earnings distribution). If the dividends per share are less than NT\$0.5 (dollars), they can be decided not to distribute.

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Base on the resolutions of the annual stockholders' meeting held on May 26, 2022 and July 1, 2021, the appropriations of dividends from the distributable retained earnings of 2021 and 2020, respectively, were as follows:

	2021		2020	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 2.5	343,205	2.2	302,020

(iv) Treasury shares

In accordance with Securities and Exchange Act requirements, the number of shares repurchased should not exceed 10% of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

As of September 30, 2022, December 31, 2021 and September 30, 2021, since the subsidiary of the Group, Shan-Loong Investment, held a number of the ordinary shares of the Company, the Group accounted it under the treasury stock. The total shares and amounts were as follows:

	September 30, 2022		December 31, 2021		September 30, 2021	
	Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Amount
Shan-Loong Investment	1,353	\$ 31,863	1,353	31,863	1,353	31,863
Fair value		\$ 45,476		49,401		47,642

For the nine months ended September 30, 2022 and 2021, Shan-Loong Investment, received the cash dividend which was distributed by the Company, amounting to \$3,383 and \$2,978, respectively, which was recorded as capital surplus - treasury share transactions.

(o) Earnings per share

The Group's basic and diluted earnings per share were calculated as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 19,691	200,729	219,208	354,780

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	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Weighted average number of ordinary shares (thousands)	<u>135,928</u>	<u>135,928</u>	<u>135,928</u>	<u>135,928</u>
Basic earnings per share (dollars)	<u>\$ 0.14</u>	<u>1.48</u>	<u>1.61</u>	<u>2.61</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (after adjustment the influence of potential ordinary shares)	<u>\$ 19,691</u>	<u>200,729</u>	<u>219,208</u>	<u>354,780</u>
Weighted average number of ordinary shares (thousands)	135,928	135,928	135,928	135,928
Dilutive effect of potential ordinary shares (thousands):				
Employee share bonus	<u>490</u>	<u>469</u>	<u>633</u>	<u>608</u>
Weighted average number of ordinary shares (after adjustment the influence of potential ordinary shares)	<u>136,418</u>	<u>136,397</u>	<u>136,561</u>	<u>136,536</u>
Diluted earnings per share (dollars)	<u>\$ 0.14</u>	<u>1.47</u>	<u>1.61</u>	<u>2.60</u>

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2022			
	Transportation segment	Gasoline station segment	Other segment	Total
Primary geographical markets:				
Taiwan	\$ 695,248	3,474,158	310,512	4,479,918
Vietnam	<u>62,741</u>	<u>-</u>	<u>-</u>	<u>62,741</u>
	<u>\$ 757,989</u>	<u>3,474,158</u>	<u>310,512</u>	<u>4,542,659</u>

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For the three months ended September 30, 2021				
	Transportation segment	Gasoline station segment	Other segment	Total
Primary geographical markets:				
Taiwan	\$ 874,321	3,377,313	479,956	4,731,590
Vietnam	<u>52,549</u>	<u>-</u>	<u>-</u>	<u>52,549</u>
	<u>\$ 926,870</u>	<u>3,377,313</u>	<u>479,956</u>	<u>4,784,139</u>
For the nine months ended September 30, 2022				
	Transportation segment	Gasoline station segment	Other segment	Total
Primary geographical markets:				
Taiwan	\$ 2,224,299	10,354,437	1,312,866	13,891,602
Vietnam	<u>210,523</u>	<u>-</u>	<u>-</u>	<u>210,523</u>
	<u>\$ 2,434,822</u>	<u>10,354,437</u>	<u>1,312,866</u>	<u>14,102,125</u>
For the nine months ended September 30, 2021				
	Transportation segment	Gasoline station segment	Other segment	Total
Primary geographical markets:				
Taiwan	\$ 2,760,428	9,512,172	1,262,627	13,535,227
China	8	-	-	8
Vietnam	<u>185,782</u>	<u>-</u>	<u>-</u>	<u>185,782</u>
	<u>\$ 2,946,218</u>	<u>9,512,172</u>	<u>1,262,627</u>	<u>13,721,017</u>

(ii) Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021
Notes and accounts receivable	\$ 821,274	969,765	865,457
Less: allowance for impairment	(3,069)	(3,069)	(3,069)
Unearned interests	<u>(4,849)</u>	<u>-</u>	<u>-</u>
	<u>\$ 813,356</u>	<u>966,696</u>	<u>862,388</u>
Contract liabilities – Unearned revenue	<u>\$ 35,042</u>	<u>21,815</u>	<u>19,420</u>

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

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(q) Employee compensation and directors' and supervisors' remuneration

Based on the Company's articles of incorporation, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensations to employees, shall be distributed to employees as compensations in an amount of not less than one percent (1%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensations to employees as mentioned above may be distributed in the form of stock or cash. Employees who are entitled to receive the above-mentioned employee remuneration, in shares or cash, include the employees of the Company's controlling and subordinate companies pursuant to the Company Act. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. A company which has the profit distributed to employees in the form of shares by a resolution of the meeting of board of directors in accordance with the provision of the preceding paragraph may resolve, at the same meeting of the board of directors, to distribute the shares by way of new shares to be issued by the company or existing shares to be re-purchased by the company.

The Company's remuneration to employees were \$5,500, \$5,500, \$16,455 and \$16,500, respectively, and the remuneration to directors were both \$0 for the three months and nine months ended September 30, 2022 and 2021. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of the remuneration to employees and directors as specified in company's articles. The remuneration were expensed under operating costs or operating expenses for each period. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year.

The Company's remuneration to employees amounted to \$22,000 and \$15,000, respectively, and the remuneration to directors both amounted to \$0 for the years ended December 31, 2021 and 2020. The remunerations above are identical to those of the actual distributions. The information is available on the Market Observation Post System website.

(r) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2021.

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(i) Credit risk

For credit risk exposure of notes and accounts receivable, please refer to note (6)(c). Other financial assets measured at amortized cost include other receivables, please refer to note (6)(d).

The abovementioned other receivables are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g) of the consolidated financial statements for the year ended December 31, 2021.

The loss allowance provision of other receivables was determined as follows:

	For the nine months ended	
	September 30,	
	2022	2021
Balance on January 1 (same as balance on September 30)	\$ 13,100	13,100

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within a year	1~2 years	Over 2 years
September 30, 2022					
Non-derivative financial liabilities					
Short-term borrowings	\$ 40,000	(40,523)	(40,523)	-	-
Notes and accounts payable	1,506,708	(1,506,708)	(1,506,708)	-	-
Other payables	417,558	(417,558)	(417,558)	-	-
Lease liabilities (including current and non-current)	1,036,917	(1,083,079)	(221,297)	(188,856)	(672,926)
Long-term borrowings (including current portion)	1,391,700	(1,410,877)	(1,238,588)	(34,576)	(137,713)
Guarantee deposits received	13,158	(13,158)	-	-	(13,158)
	\$ 4,406,041	(4,471,903)	(3,424,674)	(223,432)	(823,797)
December 31, 2021					
Non-derivative financial liabilities					
Short-term borrowings	\$ 40,000	(40,240)	(40,240)	-	-
Notes and accounts payable	1,586,129	(1,586,129)	(1,586,129)	-	-
Other payables	507,468	(507,468)	(507,468)	-	-
Lease liabilities (including current and non-current)	1,099,548	(1,151,949)	(223,091)	(191,779)	(737,079)
Long-term borrowings (including current portion)	1,274,700	(1,290,233)	(1,057,512)	(157,084)	(75,637)
Guarantee deposits received	18,262	(18,262)	-	-	(18,262)
	\$ 4,526,107	(4,594,281)	(3,414,440)	(348,863)	(830,978)

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1~2 years</u>	<u>Over 2 years</u>
September 30, 2021					
Non-derivative financial liabilities					
Short-term borrowings	\$ 40,000	(40,397)	(40,397)	-	-
Notes and accounts payable	1,389,620	(1,389,620)	(1,389,620)	-	-
Other payables	441,929	(441,929)	(441,929)	-	-
Lease liabilities (including current and non-current)	1,115,359	(1,169,124)	(225,369)	(197,255)	(746,500)
Long-term borrowings (including current portion)	1,274,700	(1,292,763)	(745,059)	(458,015)	(89,689)
Guarantee deposits received	18,244	(18,244)	-	-	(18,244)
	<u>\$ 4,279,852</u>	<u>(4,352,077)</u>	<u>(2,842,374)</u>	<u>(655,270)</u>	<u>(854,433)</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>September 30, 2022</u>			<u>December 31, 2021</u>			<u>September 30, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD	\$ 7,911	USD/TWD =31.750	251,174	6,127	USD/TWD =27.680	169,595	5,903	USD/TWD =27.850	164,399
Non-Monetary items									
CNY	44,991	CNY/TWD =4.473	201,243	47,147	CNY/TWD =4.344	204,805	59,249	CNY/TWD =4.305	255,068

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents and financial assets at fair value through other comprehensive income. A strengthening (weakening) of 5% of the TWD against the USD and CNY for the nine months ended September 30, 2022 and 2021, would have increased or decreased the profit before tax by \$12,559 and \$8,220, respectively; and would have increased or decreased the other comprehensive income by \$10,062 and \$12,753, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the nine months ended September 30, 2022 and 2021, the foreign exchange gains (losses) (including both realized and unrealized) were as follows:

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	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Foreign exchange gain (loss) (recorded as other gains and losses)	\$ 17,796	661	28,527	(3,522)

(iv) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	September 30,	December 31,	September 30,
	2022	2021	2021
Variable rate instruments (Carrying amount):			
Financial assets	\$ 1,066,300	1,348,100	1,155,612
Financial liabilities	40,000	40,000	40,000

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group's management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Group's net profit before tax would have increased or decreased by \$1,925 and \$2,092, respectively, for the nine months ended September 30, 2022 and 2021, which would be mainly resulted from the bank deposits and short-term borrowings.

(v) Other market price risk

For the nine months ended September 30, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the nine months ended		For the nine months ended	
	September 30, 2022		September 30, 2021	
Prices of securities at the reporting date	Other comprehensive income before tax	Profit before tax	Other comprehensive income before tax	Profit before tax
Increasing 5%	\$ 96,746	-	125,375	-
Decreasing 5%	\$ (96,746)	-	(125,375)	-

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(vi) Fair value of financial instruments

1) Procedure of valuation and Fair value hierarchy

The Group's accounting policies and disclosure include fair value method on financial assets and financial liabilities. The Group's management is responsible in performing independent test on fair value by using independent source of information to obtain the fair value which is close to the market status. The management also confirms the independence, reliability and matching of the information source, and regularly test the valuation model, update the input and other information, and make necessary adjustment to ensure the output of valuation is reasonable.

The Group uses observable market data to evaluate its assets and liabilities when it is possible. The different inputs of levels of fair value hierarchy in determining the fair value are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

2) The categories and the fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	September 30, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stock listed on domestic markets	\$ 1,552,104	1,552,104	-	-	1,552,104
Unquoted equity instruments	<u>382,822</u>	-	-	382,822	382,822
Subtotal	<u>1,934,926</u>				

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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	September 30, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	926,479	-	-	-	-
Notes and accounts receivable, net	527,177	-	-	-	-
Notes and accounts receivable-related parties, net	286,179	-	-	-	-
Other current financial assets (including refundable deposits-current)	477,939	-	-	-	-
Refundable deposits (recorded as other non-current assets)	<u>208,098</u>	-	-	-	-
Subtotal	<u>2,425,872</u>				
	<u>\$ 4,360,798</u>				
Financial liabilities measured at amortized costs					
Short-term borrowings	\$ 40,000	-	-	-	-
Notes and accounts payable	1,506,708	-	-	-	-
Other payables	417,558	-	-	-	-
Lease liabilities (including current and non-current)	1,036,917	-	-	-	-
Long-term borrowings (including current portion)	1,391,700	-	-	-	-
Guarantee deposits	<u>13,158</u>	-	-	-	-
	<u>\$ 4,406,041</u>				
	December 31, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stock listed on domestic markets	\$ 2,059,749	2,059,749	-	-	2,059,749
Unquoted equity instruments	<u>386,384</u>	-	-	386,384	386,384
Subtotal	<u>2,446,133</u>				

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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	December 31, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	1,553,286	-	-	-	-
Notes and accounts receivable, net	649,969	-	-	-	-
Notes and accounts receivable-related parties, net	316,727	-	-	-	-
Other current financial assets (including refundable deposits-current)	78,793	-	-	-	-
Refundable deposits (recorded as other non-current assets)	<u>216,299</u>	-	-	-	-
Subtotal	<u>2,815,074</u>				
	<u>\$ 5,261,207</u>				
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 40,000	-	-	-	-
Notes and accounts payable	1,586,129	-	-	-	-
Other payables	507,468	-	-	-	-
Lease liabilities (including current and non-current)	1,099,548	-	-	-	-
Long-term borrowings (including current portion)	1,274,700	-	-	-	-
Guarantee deposits	<u>18,262</u>	-	-	-	-
	<u>\$ 4,526,107</u>				
	September 30, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stock listed on domestic markets	2,080,171	2,080,171	-	-	2,080,171
Unquoted equity instruments	<u>427,330</u>	-	-	427,330	427,330
Subtotal	<u>2,507,501</u>				

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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	September 30, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,356,560	-	-	-	-
Notes and accounts receivable, net	583,486	-	-	-	-
Notes and accounts receivable-related parties, net	278,902	-	-	-	-
Other current financial assets	79,223	-	-	-	-
Refundable deposits (recorded as other non-current assets)	<u>200,661</u>	-	-	-	-
Subtotal	<u>2,498,832</u>				
	<u>\$ 5,006,333</u>				
Financial liabilities measured at amortized costs					
Short-term borrowings	\$ 40,000	-	-	-	-
Notes and accounts payable	1,389,620	-	-	-	-
Other payables	441,929	-	-	-	-
Lease liabilities (including current and non-current)	1,115,359	-	-	-	-
Long-term borrowings (including current portion)	1,274,700	-	-	-	-
Guarantee deposits	<u>18,244</u>	-	-	-	-
	<u>\$ 4,279,852</u>				

3) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Unquoted liability instruments and financial liabilities measured at amortized cost: If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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4) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments or other valuation technique including a model using observable market data at the reporting date.

The measurement of fair value of a non-active market financial equity instruments held by the Group which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of EV/EBIT or price-to-book ratio of comparable listed companies as its basic measurement. These assumptions have been adjusted for the effect of discount for lack of marketability of the equity securities.

The fair value of the structured deposits held by the Group is measured at observable prices other than market prices. The used estimates and assumptions are based on the quoted prices of the financial institutions.

5) There were no transfers from one level to another of the Group for the nine months ended September 30, 2022 and 2021.

6) Reconciliation of Level 3 fair values

	Financial assets at fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2022	\$ 386,384
Total gains and losses recognized:	
In other comprehensive income	56,614
Proceeds of capital reduction of investment	(60,176)
Balance on September 30, 2022	\$ 382,822

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	Financial assets at fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2021	\$ 466,390
Total gains and losses recognized:	
In other comprehensive income	33,059
Purchase	4,655
Derecognized	(76,774)
Balance on September 30, 2021	\$ 427,330

For the three months and nine months ended September 30, 2022 and 2021, the total gains and losses that were included in “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Total gains and losses recognized:				
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ 56,614	-	56,614	-

7) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “fair value through other comprehensive income – equity investments”.

Most of fair value measurements of the Group which are categorized as equity investment instruments into level 3 have several significant unobservable inputs. Significant unobservable inputs of equity instruments without quoted price are independent of each other.

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income — unquoted equity instruments	Comparable transaction method	· Lack-of-Marketability discount rate (20%~35%, 20%~35% and 20%~30%, respectively, on September 30, 2022, December 31, 2021 and September 30, 2021)	· The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
"	"	· EV/EBIT ratio (8.72~19.36, 8.91~19.36 and 14.85, respectively, on September 30, 2022, December 31, 2021 and September 30, 2021)	· The higher the multiple is, the higher the fair value will be.
"	"	· Price-Book ratio (0.91~1.6, 0.91~1.6 and 0.98~2.82, respectively, on September 30, 2022, December 31, 2021 and September 30, 2021)	"
"	Net asset value method	· Net Asset Value	· Not applicable

8) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impacts on other comprehensive income or loss are as follows:

	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
September 30, 2022				
Financial assets at fair value through other comprehensive income	Lack-of-Marketability discount rate	5%	\$ <u>4,589</u>	<u>(4,612)</u>
"	EV/EBIT	5%	\$ <u>2,108</u>	<u>(2,130)</u>
"	Price-to-Book Ratio	5%	\$ <u>5,993</u>	<u>(6,016)</u>
December 31, 2021				
Financial assets at fair value through other comprehensive income	Lack-of-Marketability discount rate	5%	\$ <u>4,616</u>	<u>(4,686)</u>
"	EV/EBIT	5%	\$ <u>3,376</u>	<u>(3,443)</u>
"	Price-to-Book Ratio	5%	\$ <u>7,616</u>	<u>(7,684)</u>

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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September 30, 2021	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
Financial assets at fair value through other comprehensive income	Lack-of-Marketability discount rate	5%	\$ <u>5,220</u>	<u>(5,153)</u>
"	EV/EBIT	5%	\$ <u>6,463</u>	<u>(6,429)</u>
"	Price-to-Book Ratio	5%	\$ <u>10,897</u>	<u>(10,827)</u>

The favorable and unfavorable impacts reflect the movement of the fair value, in which the fair value is calculated by using the significant unobservable inputs in the valuation technique. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

(s) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(t) of the consolidated financial statements for the year ended December 31, 2021.

(t) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2021 for further details.

(u) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the nine months ended September 30, 2022 and 2021, were as follows:

- (i) The acquisition of right-of-use assets by lease, please refer to notes (6)(h) and (6)(k).

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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(ii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flows	Non-cash changes Changes in lease payments and others	September 30, 2022
Short-term borrowings	\$ 40,000	-	-	40,000
Long-term borrowings	1,274,700	117,000	-	1,391,700
Guarantee deposits	18,262	(5,104)	-	13,158
Lease liabilities	<u>1,099,548</u>	<u>(174,569)</u>	<u>111,938</u>	<u>1,036,917</u>
Total liabilities from financing activities	<u>\$ 2,432,510</u>	<u>(62,673)</u>	<u>111,938</u>	<u>2,481,775</u>

	January 1, 2021	Cash flows	Non-cash changes Changes in lease payments and others	September 30, 2021
Short-term borrowings	\$ -	40,000	-	40,000
Long-term borrowings	1,174,700	100,000	-	1,274,700
Guarantee deposits	17,337	907	-	18,244
Lease liabilities	<u>1,337,994</u>	<u>(180,299)</u>	<u>(42,336)</u>	<u>1,115,359</u>
Total liabilities from financing activities	<u>\$ 2,530,031</u>	<u>(39,392)</u>	<u>(42,336)</u>	<u>2,448,303</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in consolidated financial statements:

Name of related party	Relationship with the Group
Cheng Loong Corporation (Cheng Loong)	This Company is the corporate director of the Company
Shine Far Construction Co., Ltd.	This Company is the corporate director of the Company
Shine Far Property Co., Ltd.	Its parent company is the corporate director of the Company
Gemtech Optoelectronics Corp.	The same chairman of the Board with Cheng Loong

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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<u>Name of related party</u>	<u>Relationship with the Group</u>
Ko Loong Industry Co., Ltd.	It has the same chairman as that of the Board of the Company and became an associate of the Company since April 2021
Sun Favorite Co., Ltd.	Half of the directors of this company are the directors of the Company
Shanghai Chung Hao Paper Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Suzhou Cheng Loong Paper Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Shan Fu Paper (Kunsan) Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Cheng Loong (Gwangtung) Paper Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Dongguan Ming Loong Paper Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Zhangzhou Cheng Loong Paper Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Qingdao Chung Loong Paper Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Cheng Loong (Hangzhou) Investment Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Chung Ming International Limited Taiwan Branch	Its ultimate parent company is the corporate director of the Company
Wen Gin Development Co., Ltd. (Wen Gin Development)	The relationship between the chairman of the Company and of this company is within second degree of kinship
Chung Ming International Limited	Its ultimate parent company is the corporate director of the Company
Cheng Loong Binh Duong Container Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Vina Tawana Container Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Cheng Loong Long An Container Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Cheng Loong Binh Duong Paper Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Tsai-Yuan Lin	The manager of the Company before September 15, 2021

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(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales transactions between the Group and related parties were as followings:

	Sales			
	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Other related parties	\$ 465,080	483,095	1,460,337	1,533,274
Associates	63	78	158	78
	\$ 465,143	483,173	1,460,495	1,533,352

Sales prices and other transaction terms for related parties were similar to those of the third-party customers.

(ii) Receivables from related parties

The receivables from related parties were as follows:

Account	Related-party categories	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivables	Other related parties —Cheng Loong	\$ 232,831	266,188	243,132
Accounts receivables	Other related parties	53,327	50,524	35,752
Accounts receivables	Associates	21	15	18
Other receivables (recorded as other current financial assets)	Other related parties	1,340	1,439	1,715
		\$ 287,519	318,166	280,617

(iii) The costs and expenses paid to related parties

The costs and expenses paid to related parties were as follows:

Account	Relationship	For the three months ended September 30,		For the nine months ended September 30,	
		2022	2021	2022	2021
Operating costs and operating expenses	Other related parties	\$ 4,704	16,565	34,927	39,440
"	Associates	7,531	63	9,975	203
		\$ 12,235	16,628	44,902	39,643

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(iv) Purchases of property, plant and equipment

The Group purchased the transportation equipment from the related parties and engaged related parties to engineer the facilities on the leased land. The total price was as follows:

	Total price			
	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Other related parties	\$ 1,087	1,191	1,235	11,450
Associates	12,781	9,922	24,024	13,514
	\$ 13,868	11,113	25,259	24,964

(v) Payable to related parties

The payables to related parties resulting from the above transactions were as follows:

Account	Relationship	September 30,	December 31,	September 30,
		2022	2021	2021
Accounts payable	Other related parties	\$ 1,431	1,008	4,972
Other payables	Other related parties	1,013	2,659	2,744
Other payables	Associates	6,243	3,421	9,851
		\$ 8,687	7,088	17,567

(vi) Disposal of transportation equipment

The total disposal price and unreceived balance of transportation equipment sold to related parties were as follows:

	Total price				Other receivables from		
	For the three months		For the nine months		related parties		
	ended September 30,	ended September 30,	ended September 30,	ended September 30,	September 30,	December 31,	September 30,
	2022	2021	2022	2021	2022	2021	2021
Other related parties	\$ -	-	-	1,262	-	-	-

For the three months and nine months ended September 30, 2022 and 2021, the losses on disposal of transportation equipment amounted to \$0, \$0, \$0 and \$483, respectively.

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(vii) Lease

1) Lessee

The Group rented several office spaces and lands from Cheng Loong and other related parties. The rental fee is determined based on nearly office rental rates. The details of the above lease transactions are as follows:

	Lease liabilities			Interest expense			
	September 30, 2022		December 31, 2021	For the three months ended September 30, 2022		For the nine months ended September 30, 2021	
	2022	2021	September 30, 2021	2022	2021	2022	2021
Other related parties— Cheng Loong	\$ 54,001	65,663	74,014	141	639	458	2,461
Key management personnel of the Group	-	-	106	-	-	-	1
	<u>\$ 54,001</u>	<u>65,663</u>	<u>74,120</u>	<u>141</u>	<u>639</u>	<u>458</u>	<u>2,462</u>

2) Lessor

The Group rented out the office building to other related parties. The details of the above lease transactions are as follows:

	Rental income (recorded as other income)				Other receivables from related parties		
	For the three months ended September 30, 2022		For the nine months ended September 30, 2021		September 30, 2022		December 31, 2021
	2022	2021	2022	2021	2022	2021	2021
Other related parties	\$ 126	750	876	2,251	-	-	-

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Short-term employee benefits	\$ 8,736	11,233	28,661	32,777
Post-employment benefits	133	187	357	484
	<u>\$ 8,869</u>	<u>11,420</u>	<u>29,018</u>	<u>33,261</u>

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(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Property, plant and equipment—land	Long-term borrowings	\$ 90,562	90,562	90,562
Property, plant and equipment—buildings	"	12,612	13,941	14,384
Refundable deposits (deposit certificate)	Deposits for performance guarantee	<u>61,035</u>	<u>79,332</u>	<u>63,126</u>
		<u>\$ 164,209</u>	<u>183,835</u>	<u>168,072</u>

(9) Significant commitments and contingencies:

- (a) As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group's unrecognized contractual commitments for gas station engineering and office renovation amounted to \$26,898, \$2,671 and \$12,136, respectively.
- (b) As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had outstanding stand-by letters of credit provided by the banks totaling \$2,096,000, \$2,026,000 and \$1,806,000, respectively, for purposes of gasoline purchase, transportation and customs guarantee, etc.

(10) Losses due to major disasters: None**(11) Subsequent events: None****(12) Others:**

- (a) A summary of current-period employee benefits and depreciation, by function, is as follows:

By item	By function	For the three months ended September 30,					
		2022			2021		
		Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits							
Salary		101,345	183,677	285,022	118,819	186,109	304,928
Labor and health insurance		9,143	15,396	24,539	10,732	17,089	27,821
Pension		5,101	7,950	13,051	6,084	8,527	14,611
Others		705	6,855	7,560	808	5,854	6,662
Depreciation		50,540	69,722	120,262	55,776	67,042	122,818
Amortization		-	-	-	-	-	-

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By item	By function	For the nine months ended September 30,					
		2022			2021		
		Operating cost	Operating Expenses	Total	Operating cost	Operating Expenses	Total
Employee benefits							
Salary		326,316	557,358	883,674	367,618	580,140	947,758
Labor and health insurance		29,402	51,783	81,185	33,014	56,873	89,887
Pension		16,390	25,012	41,402	18,453	26,015	44,468
Others		2,370	18,576	20,946	2,411	17,120	19,531
Depreciation		154,305	210,244	364,549	173,415	198,613	372,028
Amortization		-	-	-	-	-	-

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(13) Additional disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2022.

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Shan-Loong Motors	Note 2	2,352,833	150,000	150,000	-	-	3.19 %	4,705,667	Y	-	-

Note 1: The total amount of endorsements shall not exceed the Company's net assets, and the endorsements for a single company shall not exceed 50% of the Company's net assets.

Note 2: Subsidiary whose over 50% common stock is directly or indirectly owned.

Note 3: The above counter-party of guarantee and endorsement is one of the entities in the consolidated financial statements.

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- (iii) Securities held as of September 30, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock: Cheng Loong Corporation stock	Cheng Loong is the corporate director of the Company	Non current financial assets at fair value through other comprehensive income	19,376	515,404	1.75%	515,404	
The Company	Gemtech Optoelectronics Corp. stock	The same chairman of the Board with Cheng Loong	Non current financial assets at fair value through other comprehensive income	3,644	72,734	19.29%	72,734	
The Company	Cheng Loong investment Co., Ltd. stock	-	Non current financial assets at fair value through other comprehensive income	600	29,214	4.62%	29,214	
The Company	Shin Loong Lifecare Corp. stock	-	Non current financial assets at fair value through other comprehensive income	350	2,317	5.83%	2,317	
The Company	Yueh Loong Co., Ltd. stock	-	Non current financial assets at fair value through other comprehensive income	323	5,379	10.78%	5,379	
The Company	Shine Far Co., Ltd. stock	-	Non current financial assets at fair value through other comprehensive income	270	13,097	0.87%	13,097	
Shan Loong Investment Co., Ltd.	Stocks: Cheng Loong Corporation stock	-	Non-current financial assets at fair value through other comprehensive income	31,819	846,377	2.87%	846,377	
"	Shan Loong Transportation Co., Ltd. stock	Parent company	Non current financial assets at fair value through other comprehensive income	1,353	45,476	0.99%	45,476	Note 1
"	Cheng Loong investment Co., Ltd. stock	-	Non current financial assets at fair value through other comprehensive income	1,200	58,362	9.23%	58,362	
"	Yueh Loong Co., Ltd. stock	-	Non current financial assets at fair value through other comprehensive income	29	476	0.95%	476	
Shan Loong Customs Broker	Stocks: Cheng Loong Corporation stock	-	Non current financial assets at fair value through other comprehensive income	7,155	190,323	0.65%	190,323	
Shan-Loong International	Chung Loong Paper Holdings Limited	-	Non-current financial assets at fair value through other comprehensive income	1,339	201,243	5.00%	201,243	

Note 1: The transactions have been eliminated in the consolidated financial statement.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Trade receivables (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payable)	
The Company	Cheng Loong	Cheng Loong is the corporate director of the Company	Freight and gas revenue	(997,390)	(7.73)%	20-80 days	There is no difference to those of the third-party	No difference	Accounts receivable 224,200	37.06%	
Shan Loong Customs Broker	Chung Ming International Limited	Its ultimate parent company is the corporate director of the Company	Customs agent revenue	(143,180)	(22.21)%	25 days	"	"	Accounts receivable 16,540	20.89%	

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
The Company	Cheng Loong	Cheng Loong is the corporate director of the Company	224,200	5.61	-		Accounts receivable 111,111	-

Note 1: Information as of October 27, 2022.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions (Note 3)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Shan Loong Motors	The Company	2	Operating revenue	243,093	The selling price and payment conditions are not significantly different from other customers	1.72%
1	Shan Loong Motors	The Company	2	Accounts receivable	27,036	The selling price and payment conditions are not significantly different from other customers	0.28%

Note 1: The numbers filled in as follows:

- 1 .0 represents in the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

1. represents the transactions from the parent company to its subsidiaries.
2. represents the transactions from the subsidiaries to its parent company.
3. represents the transactions between subsidiaries.

Note 3: The transactions above have been eliminated in the consolidated financial statement.

(Continued)

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees (excluding information on investees in Mainland China):

(In thousands of shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of ending of the period			Net income (losses) of investee (Note 2)	Share of profits /losses of investee (Note 2)	Note
				September 30, 2022 (Note 1)	December 31, 2021 (Note 1)	Shares	Percentage of ownership	Carrying value (Note 1)			
The Company	Shan-Loong Investment	New Taipei City	Investing activities	400,000	400,000	40,000	100.00%	948,187	59,426	56,042	Subsidiary company (Note3)
The Company	Shan Loong Customs Broker	Keelung	Import and export agent services	131,000	131,000	13,100	100.00%	339,566	42,957	42,957	"
The Company	Shan-Loong International	British Virgin Islands	Investing activities	318,992 (USD10,047 thousand)	318,992 (USD10,047 thousand)	10,047	100.00%	705,851	26,078	26,078	"
The Company	Shang Loong Motors	New Taipei City	Truck repair, maintenance and sales	200,000	200,000	20,000	100.00%	230,908	20,863	14,431	"
The Company	Ko Loong Industry	New Taipei City	Synthetic resin and plastic manufacturing	28,655	28,655	2,014	19.75%	66,331	19,473	3,846	-
								2,290,843		143,354	
Shan-Loong International	Long Yun	Samoa	Investing activities	26,067 (USD821 thousand)	26,067 (USD821 thousand)	821	100.00%	238,290	249	Investment gains and losses recognized by its parent company	Subsidiary company (Note3)
Shan-Loong International	Loong De	Samoa	Investing activities	32,385 (USD1,020 thousand)	32,385 (USD1,020 thousand)	1,020	100.00%	60,184	6,546	"	"
Loong De	Shan-Loong Logistics Co., Ltd.	Vietnam	Warehousing, freight transportation and related agent	32,385 (USD1,020 thousand)	32,385 (USD1,020 thousand)	-	51.00%	60,208	12,836	"	"

Note 1: The amounts of New Taiwan Dollars were exchanged by the closing rates on the reporting date.

Note 2: The amounts of New Taiwan Dollars were exchanged by the average rates on the reporting date.

Note 3: The transactions above have been eliminated in the consolidated financial statement.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of capital surplus (Note 8)	Method of investment (Note1)	Accumulated outflow of investment from Taiwan as of beginning of the period	Investment flows		Accumulated outflow of investment from Taiwan as of ending of the period	Percentage of ownership	Net income (losses) of the investee (Note 6)	Investment income (losses) (Note 6)	Book value (Note 5)	Accumulated remittance of earnings in current period
					Outflow	Inflow (Note 5)						
Shanghai Chung Loong Paper Co., Ltd. (Shanghai Chung Loong)	Corrugated medium and kraft linerboard	(Note 8)	(Note1)	183,579 (USD 5,782 thousand)	-	-	183,579 (USD 5,782 thousand)	-%	-	-	-	-
Shanghai Shan Tong	Warehousing, freight transportation and related agent	22,365 (RMB5,000 thousand) (Note 7)	(Note1)	44,568 (USD812 thousand and RMB4,200 thousand)	-	-	44,568 (USD812 thousand and RMB4,200 thousand)	60.00%	414	248	238,300	-

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Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of beginning of the period	Investment flows		Accumulated outflow of investment from Taiwan as of ending of the period	Percentage of ownership	Net income (losses) of the investee (Note 6)	Investment income (losses) (Note 6)	Book value (Note 5)	Accumulated remittance of earnings in current period
					Outflow	Inflow (Note 5)						
Loong Fu Paper (Kunsan) Co., Ltd.	Corrugated paper boxes, cardboard and paper products	317,500 (USD10,000 thousand)	(Note1)	35,401 (USD1,115 thousand)	-	-	35,401 (USD1,115 thousand)	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Cheng Loong (Gwangtung) Paper Co., Ltd.	Cardboard, paper boxes, paper products and packing decoration printing	984,250 (USD31,000 thousand)	(Note1)	26,956 (USD849 thousand)	-	-	26,956 (USD849 thousand)	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Zhangzhou Cheng Loong Paper Co., Ltd.	Cardboard, paper boxes and paper products	405,765 (USD12,780 thousand)	(Note1)	20,257 (USD638 thousand)	-	-	20,257 (USD638 thousand)	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Qingdao Chung Loong Paper Co., Ltd.	Cardboard, paper boxes and paper products	(Note 8)	(Note1)	4,763 (USD150 thousand)	-	-	4,763 (USD150 thousand)	-%	-	-	-	-
Tianjin Chung Loong Paper Co., Ltd.	Corrugated cardboard, paper boxes, paper pallets and paper products	(Note 8)	(Note1)	15,907 (USD501 thousand)	-	-	15,907 (USD501 thousand)	-%	-	-	-	-
Suzhou Cheng Loong Paper Co., Ltd.	Cardboard	587,375 (USD18,500 thousand)	(Note1)	5,556 (USD175 thousand)	-	-	5,556 (USD175 thousand)	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Chong Qing Cheng Loong Paper Co., Ltd.	Corrugated, cardboard, corrugated boxes, display boxes, paper pallets and paper products	428,625 (USD13,500 thousand)	(Note1)	5,366 (USD169 thousand)	-	-	5,366 (USD169 thousand)	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Chengdu Cheng Loong Packing Products Co., Ltd.	Corrugated cardboard, paper boxes, paper pallets and paper products	128,461 (USD4,046 thousand)	(Note1)	3,969 (USD125 thousand)	-	-	3,969 (USD125 thousand)	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Henan Cheng Loong Packing Products Co., Ltd.	Corrugated cardboard and packaging products	317,183 (USD9,990 thousand)	(Note1)	13,303 (USD419 thousand)	-	-	13,303 (USD419 thousand)	5.00%	(Note 4)	(Note 4)	(Note 4)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
359,625 (USD10,735 thousand and RMB4,200 thousand)	359,625 (USD10,735 thousand and RMB4,200 thousand)	2,823,400

Note1: Indirectly investment in Mainland China through companies registered in the third region.

Note2: The amounts of New Taiwan Dollars were exchanged by the rates at the reporting date.

Note3: The recognition of investment profit and loss of Shanghai Shan Tong was based on the financial report which was reviewed by Taiwan accountants. The remaining invested companies did not use the equity method to invest, so there was no profit or loss recognized in this period.

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note4: Indirectly investment in Mainland China through Chung Loong Paper Holdings Limited.

Note5: The amounts of New Taiwan Dollars were exchange by the closing rates on the reporting date.

Note6: The amounts of New Taiwan Dollars were exchange by the average rates on the reporting date.

Note7: Shanghai Shan Tong performed capital reduction RMB32,000 thousand in 2018, and Shan Loong International received capital reduction RMB19,200 thousand. As of the reporting date, the funds have not come back to Taiwan yet.

Note8: Indirectly investment in Mainland China through Chung Loong Paper Holdings Limited. These companies had been disposed in previous years. As of the reporting date, the investment amounts have not been repatriated yet.

(iii) Significant transactions: None

(d) Major shareholders:

Unit: shares

Shareholder's Name	Shareholding	Shares	Percentage
Cheng Loong Corporation		12,690,010	9.24 %
Cheng Guan Investment Co., Ltd.		8,184,000	5.96 %
Shine Far Co., Ltd.		8,367,944	6.09 %

(14) Segment information:

The Group's operation segment information and reconciliation are as follows:

	For the three months ended September 30, 2022				
	Freight segment	Gas station segment	Others	Reconciliation and elimination	Total
Revenues:					
Revenues from external customers	\$ 757,989	3,474,158	310,512	-	4,542,659
Intersegment revenues	-	57,717	167,662	(225,379)	-
Total revenues	<u>\$ 757,989</u>	<u>3,531,875</u>	<u>478,174</u>	<u>(225,379)</u>	<u>4,542,659</u>
Reportable segment profit (loss)	<u>\$ 10,301</u>	<u>71,066</u>	<u>20,018</u>	<u>(71,641)</u>	<u>29,744</u>
	For the three months ended September 30, 2021				
	Freight segment	Gas station segment	Others	Reconciliation and elimination	Total
Revenues:					
Revenues from external customers	\$ 926,870	3,377,313	479,956	-	4,784,139
Intersegment revenues	-	63,263	46,164	(109,427)	-
Total revenues	<u>\$ 926,870</u>	<u>3,440,576</u>	<u>526,120</u>	<u>(109,427)</u>	<u>4,784,139</u>
Reportable segment profit (loss)	<u>\$ 43,488</u>	<u>100,516</u>	<u>96,909</u>	<u>(4,791)</u>	<u>236,122</u>

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