

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

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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, 2023 and 2022 (restated), and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022 (restated), as well as the changes in equity and cash flows for the nine months ended September 30, 2023 and 2022 (restated), 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 the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 Standards on Auditing of the Republic of China 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 \$1,021,167 thousand and \$1,001,014 thousand, constituting 10.00% and 10.37% of consolidated total assets as of September 30, 2023 and 2022 (restated), respectively, total liabilities amounting to \$297,459 thousand and \$331,391 thousand, constituting 5.66% and 7.01% of consolidated total liabilities as of September 30, 2023 and 2022 (restated), respectively, and the absolute value of total comprehensive income (loss) amounting to \$(95,926) thousand, \$(165,147) thousand, \$(203,592) thousand and \$(242,425) thousand, constituting 35.14%, 156.86%, 130.05% and 124.59% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2023 and 2022 (restated), respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of Shan-Loong Transportation Co., Ltd. and its subsidiaries in its investee companies of \$72,779 thousand and \$66,331 thousand as of September 30, 2023 and 2022, and its equity in net earnings (losses) on these investee companies of \$(3,111) thousand, \$1,983 thousand, \$4,784 thousand and \$(3,987) thousand for the three months and nine months ended September 30, 2023 and 2022, 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, 2023 and 2022 (restated), and of their consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022 (restated), as well as their consolidated cash flows for the nine months ended September 30, 2023 and 2022 (restated) 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 Yiu-Kwan Au and Yu-Ting Hsin.

KPMG

Taipei, Taiwan (Republic of China)
November 10, 2023

Notes to Readers

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

September 30, 2023, December 31, 2022, September 30, 2022 and January 1, 2022

		September 30, 2023		December 31, 2022 (restated)		September 30, 2022 (restated)		January 1, 2022 (restated)				December 31, 2022 (restated)		September 30, 2022 (restated)		January 1, 2022 (restated)	
Assets		Amount	%	Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:										Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 1,279,426	13	1,057,797	11	926,479	10	1,553,286	15	2100	Short-term borrowings (note (6)(i))	\$ -	-	40,000	1	40,000	-
1170	Notes and accounts receivable, net (note (6)(c))	489,401	5	455,219	5	527,177	5	649,969	6	2150	Notes and accounts payable (note (7))	2,105,457	21	1,544,695	16	1,506,708	16
1180	Notes and accounts receivable due from related parties, net (notes (6)(c) and (7))	286,822	3	351,714	3	286,179	3	316,727	3	2200	Other payables (note (7))	354,290	4	391,241	4	417,558	4
1476	Other current financial assets (notes (6)(d) and (7))	527,577	5	460,317	5	477,939	4	78,793	1	2230	Current income tax liabilities	8,475	-	6,052	-	10,744	-
1300	Inventories, net (note (6)(e))	245,597	2	274,517	3	277,657	3	217,656	2	2280	Current lease liabilities (notes (6)(k) and (7))	202,457	2	201,323	2	208,540	2
1479	Other current assets (note (7))	169,249	2	129,763	1	104,441	1	45,318	-	2130	Current contract liabilities (note (6)(p))	22,254	-	23,940	-	35,042	-
		2,998,072	30	2,729,327	28	2,599,872	26	2,861,749	27	2250	Provisions	9,507	-	11,540	-	4,716	-
Non-current assets:										2399	Other current liabilities	26,217	-	14,672	-	26,917	-
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(b))	2,050,233	20	1,974,379	20	1,934,926	20	2,446,133	24	2320	Long-term liabilities, current portion (note (6)(j))	350,000	3	100,000	1	1,229,000	13
1550	Investments accounted for using equity method, net (note (6)(f))	72,779	1	65,129	1	66,331	1	71,325	1			3,078,657	30	2,333,463	24	3,479,225	36
1600	Property, plant and equipment (notes (6)(g), (7) and (8))	3,801,883	37	3,710,240	38	3,647,835	38	3,609,511	35	Non-current liabilities:							
1755	Right-of-use asset (notes (6)(h) and (7))	874,782	9	965,879	10	1,013,342	11	1,075,528	10	2540	Long-term borrowings (note (6)(j))	1,250,000	13	1,379,000	14	162,700	2
1780	Intangible assets	119,778	1	-	-	-	-	-	-	2570	Deferred income tax liabilities	171,699	2	167,246	2	144,921	2
1840	Deferred income tax assets	36,545	-	36,783	-	34,636	-	37,052	-	2580	Non-current lease liabilities (notes (6)(k) and (7))	697,220	7	792,312	8	828,377	8
1990	Other non-current assets (note (7) and (8))	253,361	2	299,571	3	349,414	4	246,278	3	2640	Non-current net defined benefit liability	49,175	-	87,349	1	102,358	1
		7,209,361	70	7,051,981	72	7,046,484	74	7,485,827	73	2645	Guarantee deposits received	12,716	-	13,032	-	13,158	-
												2,180,810	22	2,438,939	25	1,251,514	13
											Total liabilities	5,259,467	52	4,772,402	49	4,730,739	49
										Equity:							
										Equity attributable to owners of parent: (note (6)(n))							
										3100	Ordinary shares	1,372,818	13	1,372,818	14	1,372,818	13
										3200	Capital surplus	588,908	6	586,742	6	586,742	6
										3300	Retained earnings	1,745,704	17	1,895,791	19	1,813,388	19
		</															

See accompanying notes to consolidated financial statements.

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

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three months and nine months ended September 30, 2023 and 2022

(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,			
		2023		2022 (restated)		2023		2022 (restated)	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes (6)(p) and (7))	\$ 4,154,969	100	4,542,659	100	12,172,616	100	14,102,125	100
5000	Operating costs (notes (6)(e), (7) and (12))	3,834,101	92	4,217,923	93	11,236,703	92	12,976,092	92
5900	Gross profit from operations	320,868	8	324,736	7	935,913	8	1,126,033	8
Operating expenses (notes (7) and (12)):									
6100	Selling expenses	131,860	3	135,747	3	415,659	4	407,086	3
6200	Administrative expenses	177,950	4	183,222	4	518,680	4	618,712	4
		309,810	7	318,969	7	934,339	8	1,025,798	7
6900	Net operating income	11,058	1	5,767	-	1,574	-	100,235	1
Non-operating income and expenses:									
7010	Other income (note (7))	8,467	-	14,714	-	37,439	-	46,154	-
7020	Other gains and losses, net (note (6)(r))	10,775	-	17,796	-	16,493	-	28,527	-
7050	Finance costs (notes (6)(k) and (7))	(13,509)	-	(8,589)	-	(37,599)	-	(26,783)	-
7060	Shares of profit (loss) of associates and joint ventures accounted for using equity method, net (note (6)(f))	2,699	-	1,430	-	3,507	-	3,846	-
7100	Interest income	4,700	-	1,232	-	10,729	-	4,021	-
7130	Dividend income	2,945	-	1,822	-	67,130	1	112,687	1
7210	Losses on disposals of property, plant and equipment	-	-	(719)	-	-	-	(984)	-
7590	Miscellaneous disbursements	(4,396)	-	(3,524)	-	(10,142)	-	(10,542)	-
		11,681	-	24,162	-	87,557	1	156,926	1
7900	Profit before tax	22,739	1	29,929	-	89,131	1	257,161	2
7950	Less: Income tax expenses (note (6)(m))	4,284	-	7,906	-	7,251	-	32,640	-
8200	Profit	18,455	1	22,023	-	81,880	1	224,521	2
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	(315,090)	(8)	88,705	2	75,854	-	(451,031)	(3)
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))	(5,810)	-	553	-	1,277	-	(7,833)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(m))	(19,065)	(1)	13,252	-	4,453	-	(19,371)	-
		(301,835)	(7)	76,006	2	72,678	-	(439,493)	(3)
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of foreign financial statements	11,773	-	8,345	-	2,225	-	21,665	-
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss (note (6)(m))	1,413	-	906	-	238	-	2,416	-
		10,360	-	7,439	-	1,987	-	19,249	-
8300	Other comprehensive income (loss)	(291,475)	(7)	83,445	2	74,665	-	(420,244)	(3)
8500	Total comprehensive income	\$ (273,020)	(6)	105,468	2	156,545	1	(195,723)	(1)
Profit, attributable to:									
8610	Owners of parent	\$ 14,287	1	19,876	-	69,564	1	218,065	2
8620	Non-controlling interests	4,168	-	2,147	-	12,316	-	6,456	-
		\$ 18,455	1	22,023	-	81,880	1	224,521	2
Total comprehensive income attributable to:									
8710	Owners of parent	\$ (281,898)	(6)	99,504	2	143,194	1	(211,764)	(1)
8720	Non-controlling interests	8,878	-	5,964	-	13,351	-	16,041	-
		\$ (273,020)	(6)	105,468	2	156,545	1	(195,723)	(1)
Earnings per share (note (6)(o))									
9750	Basic earnings per share	\$ 0.11		0.15		0.51		1.60	
9850	Diluted earnings per share	\$ 0.10		0.15		0.51		1.60	

See accompanying notes to consolidated financial statements.

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

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES**Consolidated Statement of Changes in Equity****For the nine months ended September 30, 2023 and 2022****(expressed in thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											
						Other equity						
	Ordinary shares	Capital surplus	Legal reserve	Retained earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
				Unappropriated retained earnings	Total retained earnings							
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
Effect of retrospective application and retrospective restatement	-	-	-	(5,621)	(5,621)	-	-	-	-	(5,621)	-	(5,621)
Balance on January 1, 2022 as restated	1,372,818	583,359	481,074	1,457,454	1,938,528	(21,937)	1,409,584	1,387,647	(31,863)	5,250,489	200,673	5,451,162
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)
	-	-	45,602	(388,807)	(343,205)	-	-	-	-	(343,205)	-	(343,205)
Profit (loss) for the nine months ended September 30, 2022	-	-	-	218,065	218,065	-	-	-	-	218,065	6,456	224,521
Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	9,664	(439,493)	(429,829)	-	(429,829)	9,585	(420,244)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	218,065	218,065	9,664	(439,493)	(429,829)	-	(211,764)	16,041	(195,723)
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	1,286,712	1,813,388	(12,273)	970,091	957,818	(31,863)	4,698,903	216,714	4,915,617
Balance on January 1, 2023	\$ 1,372,818	586,742	526,676	1,375,482	1,902,158	(16,129)	1,007,371	991,242	(31,863)	4,821,097	194,176	5,015,273
Effect of retrospective application and retrospective restatement	-	-	-	(6,367)	(6,367)	-	-	-	-	(6,367)	-	(6,367)
Balance on January 1, 2023 as restated	1,372,818	586,742	526,676	1,369,115	1,895,791	(16,129)	1,007,371	991,242	(31,863)	4,814,730	194,176	5,008,906
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	30,121	(30,121)	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(219,651)	(219,651)	-	-	-	-	(219,651)	-	(219,651)
	-	-	30,121	(249,772)	(219,651)	-	-	-	-	(219,651)	-	(219,651)
Profit (loss) for the nine months ended September 30, 2023	-	-	-	69,564	69,564	-	-	-	-	69,564	12,316	81,880
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	952	72,678	73,630	-	73,630	1,035	74,665
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	69,564	69,564	952	72,678	73,630	-	143,194	13,351	156,545
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	2,166	-	-	-	-	-	-	-	2,166	-	2,166
Balance on September 30, 2023	\$ 1,372,818	588,908	556,797	1,188,907	1,745,704	(15,177)	1,080,049	1,064,872	(31,863)	4,740,439	207,527	4,947,966

See accompanying notes to consolidated financial statements.

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

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES**Consolidated Statement of Cash Flows****For the nine months ended September 30, 2023 and 2022****(expressed in thousands of New Taiwan Dollars)**

	For the nine months ended September 30,	
	2023	2022 (restated)
Cash flows from (used in) operating activities:		
Profit before tax	\$ 89,131	257,161
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	344,942	364,549
Amortization expense	5,787	-
Interest expense	37,599	26,783
Interest income	(10,729)	(4,021)
Dividend income	(67,130)	(112,687)
Share of profit of associates and joint ventures accounted for using equity method	(3,507)	(3,846)
Loss (gain) on disposal of property, plant and equipment	-	984
Others	(1,872)	-
	<u>305,090</u>	<u>271,762</u>
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	30,710	153,340
Decrease (increase) in inventories	28,920	(60,001)
Decrease (increase) in other current financial assets	(32,729)	(1,676)
Decrease (increase) in other current assets	(33,880)	(46,377)
Increase (decrease) in notes and accounts payable	560,762	(79,421)
Increase (decrease) in provisions	(2,033)	(14,147)
Increase (decrease) in other payables and other current liabilities	(25,406)	(80,415)
Increase (decrease) in net defined benefit liabilities	(38,174)	(76)
Increase (decrease) in contract liabilities	(1,686)	13,227
	<u>486,484</u>	<u>(115,546)</u>
Total adjustments	<u>791,574</u>	<u>156,216</u>
Cash inflow (outflow) generated from (used in) operations	880,705	413,377
Dividends received	68,197	113,694
Interest paid	(37,599)	(26,783)
Interest received	10,729	4,021
Income taxes paid	(10,434)	(80,123)
Net cash flows from (used in) operating activities	<u>911,598</u>	<u>424,186</u>
Cash flows from (used in) investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	60,176
Acquisition of investments accounted for using equity method	(2,610)	-
Acquisition of property, plant and equipment	(273,737)	(233,113)
Proceeds from disposal of property, plant and equipment	-	4,372
Decrease in refundable deposits	2,177	5,786
Acquisition of intangible assets	(18,864)	-
Increase in other financial assets	(34,531)	(395,055)
Increase in prepayments for business facilities	(62,535)	(111,337)
Net cash flows from (used in) investing activities	<u>(390,100)</u>	<u>(669,171)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(40,000)	-
Proceeds from long-term borrowings	801,000	217,000
Repayments of long-term borrowings	(680,000)	(100,000)
Decrease in guarantee deposit received	(316)	(5,104)
Payment of lease liabilities	(165,176)	(174,569)
Cash dividends paid	(217,485)	(339,822)
Net cash flows from (used in) financing activities	<u>(301,977)</u>	<u>(402,495)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,108</u>	<u>20,673</u>
Net increase (decrease) in cash and cash equivalents	<u>221,629</u>	<u>(626,807)</u>
Cash and cash equivalents at beginning of period	<u>1,057,797</u>	<u>1,553,286</u>
Cash and cash equivalents at end of period	<u><u>\$ 1,279,426</u></u>	<u><u>926,479</u></u>

See accompanying notes to consolidated financial statements.

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

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023 and 2022

(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 10, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- 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”

The Group has initially adopted the following new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (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, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material 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 material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(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, 2023	December 31, 2022	September 30, 2022	
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 %	Note 1
The Company	Shan-Loong International holding Co., Ltd. (Shan-Loong International)	Investing activities	100 %	100 %	100 %	

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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, 2023	December 31, 2022	September 30, 2022	
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) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. The weighted moving average method has been used since 2023 and restated in the consolidated financial statements. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(d) 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 measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. 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.

(e) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

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

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

Computer Software 2~10 years

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

(f) 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.

(g) Reasons and effects of the restatement of financial statements

After the assessment of its management, the Group changed its calculation of inventory cost from weighted average method to weighted moving average method effective January 1, 2023 in order to provide reliable and more relevant information on the impact of the relevant transaction on the financial statements, financial performance or cash flow of the enterprise.

In accordance with IAS 8 accounting policy, if there are changes in accounting estimates and errors, this accounting policy should be applied retroactively. The restated comparative information and the impact of the change in accounting policy on the Group's consolidated financial report for the nine months ended September 30, 2022 are explained as follows:

Consolidated Balance Sheet

January 1, 2022			
Accounts	Before restatement	Adjustment	After restatement
Inventories	\$ 223,277	(5,621)	217,656
Retained earnings	1,944,149	(5,621)	1,938,528
September 30, 2022			
Accounts	Before restatement	Adjustment	After restatement
Inventories	\$ 284,421	(6,764)	277,657
Retained earnings	1,820,152	(6,764)	1,813,388

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

<u>Accounts</u>	December 31, 2022		
	Before restatement	Adjustment	After restatement
Inventories	\$ 280,884	(6,367)	274,517
Retained earnings	1,902,158	(6,367)	1,895,791

Consolidated statement of Comprehensive Income

<u>Accounts</u>	For the three months ended September 30, 2023	For the three months ended September 30, 2022		
		Before restatement	Adjustment	After restatement
Operating costs	\$ 3,834,101	4,218,108	(185)	4,217,923
Basic earnings per share (NTD)	0.11	0.14	0.01	0.15

<u>Accounts</u>	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022		
		Before restatement	Adjustment	After restatement
Operating costs	\$ 11,236,703	12,974,949	1,143	12,976,092
Basic earnings per share (NTD)	0.51	1.61	(0.01)	1.60

(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.

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, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 20,766	14,053	20,099
Checking accounts and demand deposits	1,169,580	897,179	731,160
Time deposits	89,080	146,565	175,220
	<u><u>\$ 1,279,426</u></u>	<u><u>1,057,797</u></u>	<u><u>926,479</u></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, 2023	December 31, 2022	September 30, 2022
Equity investments at fair value through other comprehensive income:			
Stocks listed on domestic markets	\$ 1,671,723	1,595,869	1,552,104
Stocks unlisted on domestic markets	175,139	175,139	181,579
Stocks unlisted on foreign markets	203,371	203,371	201,243
	<u><u>\$ 2,050,233</u></u>	<u><u>1,974,379</u></u>	<u><u>1,934,926</u></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.
- (iii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the nine months ended September 30, 2023 and 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.

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 26,636	27,278	15,807
Accounts receivable	694,494	721,984	729,402
Less: allowance for impairment	<u>(23,334)</u>	<u>(23,334)</u>	<u>(3,069)</u>
	<u>697,796</u>	<u>725,928</u>	<u>742,140</u>
Installment sales receivable	84,640	88,157	76,065
Less: Unearned interests	<u>(6,213)</u>	<u>(7,152)</u>	<u>(4,849)</u>
	<u>78,427</u>	<u>81,005</u>	<u>71,216</u>
	<u>\$ 776,223</u>	<u>806,933</u>	<u>813,356</u>
Notes and accounts receivable, net	<u>\$ 489,401</u>	<u>455,219</u>	<u>527,177</u>
Notes and accounts receivable due from related parties, net	<u>\$ 286,822</u>	<u>351,714</u>	<u>286,179</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, 2023, December 31, 2022 and September 30, 2022, the loss allowance provisions were determined as follows:

September 30, 2023					
	Gross carrying amount		Loss rate		Loss allowance provision
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	
Installment sales receivable	\$ -	84,640	-	-	-
Notes and accounts receivable					
Aging under 60 days	26,630	658,730	-	-	-
Aging 61~90 days	-	3,959	1%	1%	21
Aging 91~120 days	-	479	5%	60%	19
Aging 121~150 days	-	121	10%	60%	32
Aging 151~180 days	-	14	10%	80%	-
Aging 181~365 days	6	5,831	10%	90%	5,556
Aging over 365 days	<u>-</u>	<u>25,360</u>	100%	100%	<u>15,558</u>
	<u>\$ 26,636</u>	<u>779,134</u>			<u>21,186</u>

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

December 31, 2022					
	Gross carrying amount		Loss rate		Loss allowance provision
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	
Installment sales receivable	\$ -	88,157	-	-	-
Notes and accounts receivable					
Aging under 60 days	15,750	689,414	-	-	-
Aging 61~90 days	1,881	101	1%	1%	13
Aging 91~120 days	9,647	5,608	5%	60%	4,876
Aging 121~150 days	-	1,582	10%	60%	1,580
Aging 151~180 days	-	5,710	10%	80%	5,674
Aging 181~365 days	-	9,390	10%	90%	9,332
Aging over 365 days	-	10,179	100%	100%	664
	\$ 27,278	810,141			22,139
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
	\$ 15,807	805,467			1,017

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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, 2023			
Within 1 year	\$ 17,077	(2,272)	14,805
Beyond 1 year to 5 years	<u>67,563</u>	<u>(3,941)</u>	<u>63,622</u>
	<u>\$ 84,640</u>	<u>(6,213)</u>	<u>78,427</u>
December 31, 2022			
Within 1 year	\$ 15,934	(2,354)	13,580
Beyond 1 year to 5 years	<u>72,223</u>	<u>(4,798)</u>	<u>67,425</u>
	<u>\$ 88,157</u>	<u>(7,152)</u>	<u>81,005</u>
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>\$ 76,065</u>	<u>(4,849)</u>	<u>71,216</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,	
	2023	2022
Balance on January 1 (Same as balance on September 30)	<u>\$ 23,334</u>	<u>3,069</u>

- (iv) As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group did not pledge any notes and accounts receivable as collateral for its borrowings.

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

(d) Other current financial assets

	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables	\$ 116,613	83,884	91,154
Less: loss allowance	<u>(13,100)</u>	<u>(13,100)</u>	<u>(13,100)</u>
	103,513	70,784	78,054
Restricted deposits	389,791	389,533	395,055
Time deposits with maturities over three months	34,273	-	-
Refundable deposits-current	<u>-</u>	<u>-</u>	<u>4,830</u>
	<u><u>\$ 527,577</u></u>	<u><u>460,317</u></u>	<u><u>477,939</u></u>

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

(e) Inventories

	September 30, 2023	December 31, 2022 (restated)	September 30, 2022 (restated)	January 1, 2022 (restated)
Premium Diesel	\$ 37,685	34,715	64,154	60,529
Unleaded Gasoline #92	38,250	57,633	40,659	48,073
Unleaded Gasoline #95	38,720	84,268	66,387	66,665
Unleaded Gasoline #98	27,174	30,088	22,000	28,364
By-product and other	26,865	17,628	84,457	14,025
Merchandise Inventory	<u>76,903</u>	<u>50,185</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 245,597</u></u>	<u><u>274,517</u></u>	<u><u>277,657</u></u>	<u><u>217,656</u></u>

Since January 1, 2023, the Group changed its calculation of inventory cost from weighted average method to weighted moving average method, which has been applied retroactively in the consolidated financial statements. Please refer to note (4)(g) for more details.

The Group recognized as cost of sales amounted to \$3,150,861, \$3,269,773 (restated), \$9,111,788 and \$9,710,757 (restated), respectively, for the three months and nine months ended September 30, 2023 and 2022.

The gain on physical inventory amounted to \$1,216, \$7,593, \$21,612 and \$31,726, respectively, which was recorded as cost of sales for the three months and nine months ended September 30, 2023 and 2022.

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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The write-down of the inventories to net realized value amounted to the \$2,495, which was recorded as cost of sales for the three months and nine months ended September 30, 2023.

As of September 30, 2023, December 31, 2022 and September 30, 2022, 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, 2023	December 31, 2022	September 30, 2022
Associates	\$ <u>72,779</u>	<u>65,129</u>	<u>66,331</u>

- (i) In April 2023, the Group acquired additional shares of Ko Loong from a non-related party for \$2,610 in cash, resulting in its percentage of ownership increase from 19.75% to 20.92%. The above price has already been paid in full.
- (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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Attributable to the Group:				
Profit (loss)	\$ 2,699	1,430	3,507	3,846
Other comprehensive income (loss)	<u>(5,810)</u>	<u>553</u>	<u>1,277</u>	<u>(7,833)</u>
Total comprehensive income (loss)	\$ <u>(3,111)</u>	<u>1,983</u>	<u>4,784</u>	<u>(3,987)</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.

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

(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, 2023	\$ 2,009,271	912,904	174,990	2,240,040	507,004	7,972	5,852,181
Additions	-	37,544	26,990	139,703	16,281	53,219	273,737
Reclassifications	-	37,257	109,470	-	(119,431)	(27,429)	(133)
Effect of movements in exchange rates	-	-	-	269	-	-	269
Balance on September 30, 2023	<u>\$ 2,009,271</u>	<u>987,705</u>	<u>311,450</u>	<u>2,380,012</u>	<u>403,854</u>	<u>33,762</u>	<u>6,126,054</u>
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>
Depreciation:							
Balance on January 1, 2023	\$ -	405,793	121,157	1,274,530	340,461	-	2,141,941
Depreciation	-	28,296	14,384	110,263	29,135	-	182,078
Reclassifications	-	(1,704)	87,919	-	(86,215)	-	-
Effect of movements in exchange rates	-	-	-	152	-	-	152
Balance on September 30, 2023	<u>\$ -</u>	<u>432,385</u>	<u>223,460</u>	<u>1,384,945</u>	<u>283,381</u>	<u>-</u>	<u>2,324,171</u>
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>

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Gasoline equipment</u>	<u>Transportation equipment</u>	<u>Miscellaneous equipment</u>	<u>Unfinished construction and equipment under installation</u>	<u>Total</u>
Carrying amounts:							
Balance on January 1, 2023	\$ <u>2,009,271</u>	<u>507,111</u>	<u>53,833</u>	<u>965,510</u>	<u>166,543</u>	<u>7,972</u>	<u>3,710,240</u>
Balance on September 30, 2023	\$ <u>2,009,271</u>	<u>555,320</u>	<u>87,990</u>	<u>995,067</u>	<u>120,473</u>	<u>33,762</u>	<u>3,801,883</u>
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>

- (i) There was no significant change for property, plant and equipment for the nine months ended September 30, 2023 and 2022. For the related information, please refer to note (6)(g) of the consolidated financial statements for the year ended December 31, 2022.
- (ii) As of September 30, 2023, December 31, 2022 and September 30, 2022, 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).

(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, 2023	\$ 287,201	1,492,372	13,987	1,793,560
Additions	-	89,925	-	89,925
Reductions	(41)	(42,651)	-	(42,692)
Balance on September 30, 2023	\$ <u>287,160</u>	<u>1,539,646</u>	<u>13,987</u>	<u>1,840,793</u>
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>
Depreciation:				
Balance on January 1, 2023	\$ 110,523	708,099	9,059	827,681
Depreciation	27,517	133,352	1,995	162,864
Reductions	-	(24,534)	-	(24,534)
Balance on September 30, 2023	\$ <u>138,040</u>	<u>816,917</u>	<u>11,054</u>	<u>966,011</u>

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Others</u>	<u>Total</u>
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>
Carrying amount:				
Balance on January 1, 2023	<u>\$ 176,678</u>	<u>784,273</u>	<u>4,928</u>	<u>965,879</u>
Balance on September 30, 2023	<u>\$ 149,120</u>	<u>722,729</u>	<u>2,933</u>	<u>874,782</u>
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>

For the nine months ended September 30, 2023 and 2022, the increase in the Group's right-of-use assets was mainly due to the new lease contracts including gas stations and container yard; and the decrease was mainly derived from terminating the lease contract of the office located in Banqiao District, New Taipei City with Cheng Loong.

(i) Short-term borrowings

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Short-term borrowings	\$ -	40,000	40,000
Unused short-term credit lines	<u>\$ 220,000</u>	<u>124,000</u>	<u>124,000</u>
Range of interest rates	<u>2.25%</u>	<u>2.00%</u>	<u>1.5%~2.01%</u>

(i) The credit borrowing of the Group is the chairman of the board of directors as joint and several guarantor, please refer to note (7).

(ii) 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, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Secured bank loans	NTD	\$ 1,600,000	1,479,000	1,391,700
Less: current portion		350,000	100,000	1,229,000
		<u>\$ 1,250,000</u>	<u>1,379,000</u>	<u>162,700</u>
Unused long-term credit lines		<u>\$ 1,350,000</u>	<u>200,000</u>	<u>287,300</u>
Range of interest rates		<u>1.67%~2.17%</u>	<u>1%~2.17%</u>	<u>1%~1.74%</u>
Maturity year		<u>2023~2028</u>	<u>2023~2027</u>	<u>2022~2027</u>

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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(i) Issuance and repayment of the loans

The Group's additional amounts in loans for the nine months ended September 30, 2023 and 2022, were \$801,000 and \$217,000, respectively; and the repayments, including prepaying the loans, were \$680,000 and \$100,000.

(ii) As of September 30, 2023, the repayment schedule for the long-term borrowings was as follows:

<u>Period</u>	<u>Amount</u>
2023.10.01~2024.09.30	\$ 350,000
2024.10.01~2025.09.30	728,390
2025.10.01~2026.09.30	114,957
2026.10.01~2027.09.30	117,223
2027.10.01~2028.09.30	289,430
	<u>\$ 1,600,000</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, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current	\$ <u>202,457</u>	<u>201,323</u>	<u>208,540</u>
Non-current	\$ <u>697,220</u>	<u>792,312</u>	<u>828,377</u>

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The amounts recognized in profit or loss were as follows:				
Interest on lease liabilities	\$ <u>3,214</u>	<u>3,607</u>	<u>9,854</u>	<u>11,081</u>
Expenses relating to short-term leases	\$ <u>4,970</u>	<u>5,186</u>	<u>16,198</u>	<u>14,099</u>

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

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

	For the nine months ended September 30,	
	2023	2022
Total cash outflow for leases	\$ <u>191,228</u>	<u>199,749</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 2 to 27 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, 2022 and 2021.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Operating cost and operating expenses	\$ <u>593</u>	<u>963</u>	<u>1,533</u>	<u>2,894</u>

(ii) Defined contribution plans

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Operating cost and operating expenses	\$ <u>11,696</u>	<u>12,088</u>	<u>34,977</u>	<u>38,508</u>

(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.

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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- (i) The amounts of income tax expenses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Current income tax expenses				
Current period	\$ 4,283	7,906	10,449	34,365
Adjustment for prior periods	<u>1</u>	<u>-</u>	<u>(3,198)</u>	<u>(1,725)</u>
	\$ <u>4,284</u>	<u>7,906</u>	<u>7,251</u>	<u>32,640</u>

- (ii) The amounts of income tax recognized directly in other comprehensive income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	\$ <u>(19,065)</u>	<u>13,252</u>	<u>4,453</u>	<u>(19,371)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ <u>1,413</u>	<u>906</u>	<u>238</u>	<u>2,416</u>

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

(iii) Assessment of tax

The tax returns of the Company and its R.O.C. subsidiaries for the years through 2021 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, 2023 and 2022. For the related information, please refer to note (6)(n) of the consolidated financial statements for the year ended December 31, 2022.

(i) Ordinary shares

As of September 30, 2023, December 31, 2022 and September 30, 2022, 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 upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Additional paid-in capital	\$ 520,206	520,206	520,206
Treasury share transactions	67,461	65,295	65,295
Other	1,241	1,241	1,241
	<u>\$ 588,908</u>	<u>586,742</u>	<u>586,742</u>

(iii) Retain earnings-earnings distribution and dividend policy

Based on the Company's article of incorporation, 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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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Base on the resolutions of the annual stockholders' meeting held on May 30, 2023 and May 26, 2022, the appropriations of dividends from the distributable retained earnings of 2022 and 2021, respectively, were as follows:

	2022		2021	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.6	<u><u>219,651</u></u>	2.5	<u><u>343,205</u></u>

(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, 2023, December 31, 2022 and September 30, 2022, 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, 2023		December 31, 2022		September 30, 2022	
	Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Amount
Shan-Loong Investment	<u>1,353</u>	<u>\$ 31,863</u>	<u>1,353</u>	<u>31,863</u>	<u>1,353</u>	<u>31,863</u>
Fair value		<u><u>\$ 41,551</u></u>		<u><u>43,175</u></u>		<u><u>45,476</u></u>

For the nine months ended September 30, 2023 and 2022, Shan-Loong Investment, received the cash dividend which was distributed by the Company, amounting to \$2,166 and \$3,383, which was recorded as capital surplus - treasury share transactions.

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

(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,	
	2023	2022 (restated)	2023	2022 (restated)
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>14,287</u>	<u>19,876</u>	<u>69,564</u>	<u>218,065</u>
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>0.11</u>	<u>0.15</u>	<u>0.51</u>	<u>1.60</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (after adjustment the influence of potential ordinary shares)	\$ <u>14,287</u>	<u>19,876</u>	<u>69,564</u>	<u>218,065</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>169</u>	<u>490</u>	<u>355</u>	<u>633</u>
Weighted average number of ordinary shares (after adjustment the influence of potential ordinary shares)	<u>136,097</u>	<u>136,418</u>	<u>136,283</u>	<u>136,561</u>
Diluted earnings per share (dollars)	\$ <u>0.10</u>	<u>0.15</u>	<u>0.51</u>	<u>1.60</u>

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(p) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended September 30, 2023				
	Transportation segment	Gasoline station segment	Other segment	Total
Primary geographical markets:				
Taiwan	\$ 420,557	3,357,641	264,622	4,042,820
Vietnam	112,149	-	-	112,149
	\$ 532,706	3,357,641	264,622	4,154,969
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	62,741	-	-	62,741
	\$ 757,989	3,474,158	310,512	4,542,659
For the nine months ended September 30, 2023				
	Transportation segment	Gasoline station segment	Other segment	Total
Primary geographical markets:				
Taiwan	\$ 1,285,295	9,719,120	868,064	11,872,479
Vietnam	300,137	-	-	300,137
	\$ 1,585,432	9,719,120	868,064	12,172,616

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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>

(ii) Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Notes and accounts receivable	\$ 805,770	837,419	821,274
Less: allowance for impairment	(23,334)	(23,334)	(3,069)
Unearned interests	<u>(6,213)</u>	<u>(7,152)</u>	<u>(4,849)</u>
	<u>\$ 776,223</u>	<u>806,933</u>	<u>813,356</u>
Contract liabilities – Unearned revenue	<u>\$ 22,254</u>	<u>23,940</u>	<u>35,042</u>

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' 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.

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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The Company's remuneration to employees amounted to \$0, \$5,500, \$5,188 and \$16,455, respectively, and the remuneration to directors were both \$0 for the three months and nine months ended September 30, 2023 and 2022. 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 estimated and recognized as profit or loss in the distribution year.

The Company's remuneration to employees were both \$22,000, and the remuneration to directors both amounted to \$0 for the years ended December 31, 2022 and 2021. 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(r) of the consolidated financial statements for the year ended December 31, 2022.

(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) for the year ended December 31, 2022.

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

		For the nine months ended September 30,	
		2023	2022
Balance on January 1 (same as balance on September 30)	\$	<u><u>13,100</u></u>	<u><u>13,100</u></u>

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(ii) Liquidity risk

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

	<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, 2023					
Non-derivative financial liabilities					
Notes and accounts payable	\$ 2,105,457	(2,105,457)	(2,105,457)	-	-
Other payables	354,290	(354,290)	(354,290)	-	-
Lease liabilities (including current and non-current)	899,677	(936,690)	(213,790)	(183,894)	(539,006)
Long-term borrowings (including current portion)	1,600,000	(1,670,286)	(372,256)	(748,195)	(549,835)
Guarantee deposits received	12,716	(12,716)	-	-	(12,716)
	<u><u>\$ 4,972,140</u></u>	<u><u>(5,079,439)</u></u>	<u><u>(3,045,793)</u></u>	<u><u>(932,089)</u></u>	<u><u>(1,101,557)</u></u>
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	\$ 40,000	(40,300)	(40,300)	-	-
Notes and accounts payable	1,544,695	(1,544,695)	(1,544,695)	-	-
Other payables	391,241	(391,241)	(391,241)	-	-
Lease liabilities (including current and non-current)	993,635	(1,036,630)	(213,499)	(184,851)	(638,280)
Long-term borrowings (including current portion)	1,479,000	(1,527,272)	(125,988)	(1,191,447)	(209,837)
Guarantee deposits received	13,032	(13,032)	-	-	(13,032)
	<u><u>\$ 4,461,603</u></u>	<u><u>(4,553,170)</u></u>	<u><u>(2,315,723)</u></u>	<u><u>(1,376,298)</u></u>	<u><u>(861,149)</u></u>
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)
	<u><u>\$ 4,406,041</u></u>	<u><u>(4,471,903)</u></u>	<u><u>(3,424,674)</u></u>	<u><u>(223,432)</u></u>	<u><u>(823,797)</u></u>

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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:

	September 30, 2023				December 31, 2022			September 30, 2022		
	Foreign currency	Exchange rate	TWD		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets										
Monetary items										
USD	\$	10,345	USD/TWD =32.270	333,833	10,327	USD/TWD =30.710	317,142	7,911	USD/TWD =31.750	251,174
Non-Monetary items										
CNY		46,064	CNY/TWD =4.415	203,371	46,137	CNY/TWD =4.408	203,371	44,991	CNY/TWD =4.473	201,243

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, 2023 and 2022, would have increased or decreased the profit before tax by \$16,692 and \$12,559, respectively; and would have increased or decreased the other comprehensive income by \$10,169 and \$10,062, 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, 2023 and 2022, the foreign exchange gains (losses) (including both realized and unrealized) were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Foreign exchange gain (loss) (recorded as other gains and losses)	\$			
	10,749	17,796	15,944	28,527

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(iv) Interest rate analysis

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Variable rate instruments (Carrying amount):			
Financial assets	\$ 1,503,798	1,180,842	1,066,300
Financial liabilities	1,400,000	801,700	851,700

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 \$194 and increased or decreased by \$403, respectively, for the nine months ended September 30, 2023 and 2022, which would be mainly resulted from the bank deposits and bank loans.

(v) Other market price risk

For the nine months ended September 30, 2023 and 2022, 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:

	<u>For the nine months ended</u> <u>September 30, 2023</u>		<u>For the nine months ended</u> <u>September 30, 2022</u>	
<u>Prices of securities at the reporting date</u>	<u>Other comprehensive income before tax</u>	<u>Profit before tax</u>	<u>Other comprehensive income before tax</u>	<u>Profit before tax</u>
Increasing 5%	\$ <u>102,512</u>	<u>-</u>	<u>96,746</u>	<u>-</u>
Decreasing 5%	\$ <u>(102,512)</u>	<u>-</u>	<u>(96,746)</u>	<u>-</u>

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

(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, 2023				
	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	\$ 1,671,723	1,671,723	-	-	1,671,723
Unquoted equity instruments	<u>378,510</u>	-	-	378,510	378,510
Subtotal	<u>2,050,233</u>				

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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		September 30, 2023			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	1,279,426	-	-	-	-
Notes and accounts receivable, net	489,401	-	-	-	-
Notes and accounts receivable-related parties, net	286,822	-	-	-	-
Other current financial assets	527,577	-	-	-	-
Refundable deposits (recorded as other non-current assets)	<u>189,263</u>	-	-	-	-
Subtotal	<u>2,772,489</u>				
	<u>\$ 4,822,722</u>				
Financial liabilities measured at amortized cost					
Notes and accounts payable	\$ 2,105,457	-	-	-	-
Other payables	354,290	-	-	-	-
Lease liabilities (including current and non-current)	899,677	-	-	-	-
Long-term borrowings (including current portion)	1,600,000	-	-	-	-
Guarantee deposits	<u>12,716</u>	-	-	-	-
	<u>\$ 4,972,140</u>				
		December 31, 2022			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stock listed on domestic markets	\$ 1,595,869	1,595,869	-	-	1,595,869
Unquoted equity instruments	<u>378,510</u>	-	-	378,510	378,510
Subtotal	<u>1,974,379</u>				

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

		December 31, 2022			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	1,057,797	-	-	-	-
Notes and accounts receivable, net	455,219	-	-	-	-
Notes and accounts receivable-related parties, net	351,714	-	-	-	-
Other current financial assets	460,317	-	-	-	-
Refundable deposits (recorded as other non-current assets)	191,440	-	-	-	-
Subtotal	2,516,487				
	\$ 4,490,866				
Financial liabilities measured at amortized costs					
Short-term borrowings	\$ 40,000	-	-	-	-
Notes and accounts payable	1,544,695	-	-	-	-
Other payables	391,241	-	-	-	-
Lease liabilities (including current and non-current)	993,635	-	-	-	-
Long-term borrowings (including current portion)	1,479,000	-	-	-	-
Guarantee deposits	13,032	-	-	-	-
	\$ 4,461,603				
		September 30, 2022			
		Fair Value			
	Carrying amount	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	382,822	-	-	382,822	382,822
Subtotal	1,934,926				

(Continued)

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

		September 30, 2022			
		Fair Value			
	Carrying amount	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)	208,098	-	-	-	-
Subtotal	2,425,872				
	\$ 4,360,798				
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	13,158	-	-	-	-
	\$ 4,406,041				

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.

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.

(Continued)

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

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.

- 5) There were no transfers from one level to another of the Group for the nine months ended September 30, 2023 and 2022.
- 6) Reconciliation of Level 3 fair values

	Financial assets at fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2023	\$ 378,510
Total gains and losses recognized:	
In other comprehensive income	-
Balance on September 30, 2023	<u>\$ 378,510</u>
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	<u>\$ 382,822</u>

For the three months and nine months ended September 30, 2023 and 2022, 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:

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
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.

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% on September 30, 2023, December 31, 2022 and September 30, 2022)	· The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
“	“	· EV/EBIT (8.72~19.36 on September 30, 2022)	· The higher the multiple is, the higher the fair value will be.
“	“	· Price-Book ratio (0.73~2.6, 0.73~2.6 and 0.91~1.6, respectively, on September 30, 2023, December 31, 2022 and September 30, 2022)	“
“	“	· EV/SALES (0.9~2.18 both of September 30, 2023 and December 31, 2022)	“
“	“	· EV/EBITDA (4.30~9.99 both of September 30, 2023 and December 31, 2022)	· The higher the EBITDA multiple is, the higher the fair value will be.
“	Net asset value method	· Net Asset Value	· Not applicable

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

- 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:

		Move up or	Other comprehensive income	
	Input	down	Favorable change	Unfavorable change
September 30, 2023				
Financial assets at fair value through other comprehensive income	Lack-of-Marketability discount rate	5%	\$ <u>4,990</u>	<u>(4,971)</u>
"	Price-to-Book Ratio	5%	\$ <u>4,303</u>	<u>(4,285)</u>
"	EV/SALES	5%	\$ <u>699</u>	<u>(698)</u>
"	EV/EBITDA	5%	\$ <u>5,372</u>	<u>(5,355)</u>
December 31, 2022				
Financial assets at fair value through other comprehensive income	Lack-of-Marketability discount rate	5%	\$ <u>4,990</u>	<u>(4,971)</u>
	Price-to-Book Ratio	5%	\$ <u>4,303</u>	<u>(4,285)</u>
"	EV/SALES	5%	\$ <u>699</u>	<u>(698)</u>
"	EV/EBITDA	5%	\$ <u>5,372</u>	<u>(5,355)</u>
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>

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)(s) of the consolidated financial statements for the year ended December 31, 2022.

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

(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, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to note (6)(t) of the consolidated financial statements for the year ended December 31, 2022 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, 2023 and 2022, were as follows:

- (i) The acquisition of right-of-use assets by lease, please refer to notes (6)(h) and (6)(k).
(ii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Non-cash changes Changes in lease payments and others	September 30, 2023
Short-term borrowings	\$ 40,000	(40,000)	-	-
Long-term borrowings	1,479,000	121,000	-	1,600,000
Guarantee deposits	13,032	(316)	-	12,716
Lease liabilities	993,635	(165,176)	71,218	899,677
Total liabilities from financing activities	<u>\$ 2,525,667</u>	<u>(84,492)</u>	<u>71,218</u>	<u>2,512,393</u>

	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	1,099,548	(174,569)	111,938	1,036,917
Total liabilities from financing activities	<u>\$ 2,432,510</u>	<u>(62,673)</u>	<u>111,938</u>	<u>2,481,775</u>

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

(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:

<u>Name of related party</u>	<u>Relationship with the Group</u>
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
Shine Far Electromechanical Co., Ltd.	Its parent company is the corporate director of the Company
Gemtech Optoelectronics Corp.	The relationship between the chairman of the Company and of this Company is within second degree of kinship
Ko Loong Industry Co., Ltd.	The associate of the Company
Zhonglong International Co., Ltd.	Its chairman was the same as the Board of the Company from December 2022 to May 2023
Sun Favorite Co., Ltd.	Half of the directors of this company are the directors 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
Zhongming International Limited	Its ultimate parent company is the corporate director of the Company

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

Name of related party	Relationship with the Group
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
Cheng Loong Binh Duong 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
Cheng Loong Bac Giang Company Limited	Its ultimate parent company is the corporate director of the Company
Cheng Loong Ben Cat Company Limited	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

(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,	
	2023	2022	2023	2022
Other related parties — Cheng Loong	\$ 337,362	359,629	1,047,534	1,099,989
Other related parties	127,193	105,451	360,639	360,348
Associates	164	63	756	158
	\$ 464,719	465,143	1,408,929	1,460,495

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

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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(ii) Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Related-party categories</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivables	Other related parties —Cheng Loong	\$ 212,723	227,318	232,831
Accounts receivables	Other related parties	74,075	60,759	53,327
Accounts receivables	Associates	24	23	21
Installment sales receivable, net (recorded as notes and accounts receivable due from related parties, net)	Other related parties	-	63,614	-
Other receivables (recorded as other current financial assets)	Other related parties	180	360	1,340
		<u>\$ 287,002</u>	<u>352,074</u>	<u>287,519</u>

(iii) The costs and expenses paid to related parties

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

<u>Account</u>	<u>Relationship</u>	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Operating costs and operating expenses	Other related parties	\$ 5,168	4,704	124,369	34,927
"	Associates	643	7,531	643	9,975
		<u>\$ 5,811</u>	<u>12,235</u>	<u>125,012</u>	<u>44,902</u>

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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(iv) Property transactions

1) 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,	
	2023	2022	2023	2022
Other related parties	\$ -	1,087	-	1,235
Associates	27,356	12,781	27,356	24,024
	\$ 27,356	13,868	27,356	25,259

- 2) The associates provided system integration development services to the Group at the amounts of \$2,401, \$0, \$17,112 and \$0 for the three months and nine months ended September 30, 2023 and 2022, respectively. Since the development project has not been fully completed, the cumulative amounts of \$38,652 and \$38,843 as of September 30, 2023 and December 31, 2022, respectively, had been recognized as prepayments for business facilities (other non-current assets).

(v) Payable to related parties

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

Account	Relationship	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable	Other related parties	\$ 1,555	15,922	1,431
Other payables	Other related parties	365	362	1,013
"	Associates	5,364	2,057	6,243
		\$ 7,284	18,341	8,687

(vi) Lease

1) Lessee

The Group rented several office spaces and lands from Cheng Loong. 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, December 31, September 30,		September 30, 2022	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022		2023	2022	2023	2022
Other related parties – Cheng Loong	\$ 21,341	49,702	54,001	33	141	232	458

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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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,		For the nine months ended September 30,		September 30, December 31, September 30,		
	2023	2022	2023	2022	2023	2022	2022
Other related parties	\$ -	126	-	876	-	-	-

(vii) Provide guarantees

The Group short-term credit borrowing is jointly and severally guaranteed by the Chairman of the Company.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 10,429	8,736	29,664	28,661
Post-employment benefits	155	133	483	357
	<u>\$ 10,584</u>	<u>8,869</u>	<u>30,147</u>	<u>29,018</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment—land	Long-term borrowings	\$ 90,562	90,562	90,562
Property, plant and equipment—buildings	"	10,893	12,222	12,612
Refundable deposits (deposit certificate, recorded as other non-current assets)	Deposits for performance guarantee	49,192	46,235	61,035
		<u>\$ 150,647</u>	<u>149,019</u>	<u>164,209</u>

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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(9) Significant commitments and contingencies:

- (a) As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's unrecognized contractual commitments for gas station engineering, office renovation and computer information system amounted to \$29,674, \$28,597 and \$26,898, respectively.
- (b) As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had outstanding stand-by letters of credit provided by the banks totaling \$2,095,000, \$2,096,000 and \$2,096,000, 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,					
		2023			2022		
		Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits							
Salary		96,371	142,829	239,200	101,345	183,677	285,022
Labor and health insurance		7,424	17,464	24,888	9,143	15,396	24,539
Pension		3,969	8,320	12,289	5,101	7,950	13,051
Others		275	6,512	6,787	705	6,855	7,560
Depreciation		40,279	72,548	112,827	50,540	69,722	120,262
Amortization		-	3,542	3,542	-	-	-

By item	By function	For the nine months ended September 30,					
		2023			2022		
		Operating cost	Operating Expenses	Total	Operating cost	Operating Expenses	Total
Employee benefits							
Salary		293,632	447,177	740,809	326,316	557,358	883,674
Labor and health insurance		24,569	52,717	77,286	29,402	51,783	81,185
Pension		9,674	26,836	36,510	16,390	25,012	41,402
Others		972	18,576	19,548	2,370	18,576	20,946
Depreciation		128,566	216,376	344,942	154,305	210,244	364,549
Amortization		-	5,787	5,787	-	-	-

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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(b) Seasonality of operations

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

- (c) Both the Company and Shan-Loong Motors entered into two separate agreements with Hong-Fa Co., Ltd. (Hong-Fa) and Heng-An International Investment Co., Ltd. (Heng-An) between March 2021 and October 2022 concerning tire service contracting and mobile maintenance, etc. However, both counterparties breached their agreements. Therefore, the Group filed two separate lawsuits against Hong-Fa and Heng-An to the New Taipei District Court of Taiwan in June 2023 for damages in order to protect the rights and interests of both the Company and Shan-Loong Motors. Both cases were still in progress as of the report date.

(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, 2023.

(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	2,370,220	150,000	150,000	-	-	3.16 %	4,740,439	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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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) Securities held as of September 30, 2023 (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	555,126	1.75%	555,126	
"	Gemtech Optoelectronics Corp. stock	The relationship between the chairman of the Company and of this company is within second degree of kinship	"	3,644	72,589	19.29%	72,589	
"	Cheng Loong investment Co., Ltd. stock	-	"	600	26,187	4.62%	26,187	
"	Shin Loong Lifecare Corp. stock	-	"	350	1,799	5.83%	1,799	
"	Yueh Loong Co., Ltd. stock	-	"	323	10,380	10.78%	10,380	
"	Shine Far Co., Ltd. stock	-	"	270	10,949	0.87%	10,949	
Shan Loong Investment Co., Ltd.	Stocks: Cheng Loong Corporation stock	-	Non-current financial assets at fair value through other comprehensive income	31,819	911,606	2.87%	911,606	
"	Shan Loong Transportation Co., Ltd. stock	Parent company	"	1,353	41,551	0.99%	41,551	Note 1
"	Cheng Loong investment Co., Ltd. stock	-	"	1,200	52,317	9.23%	52,317	
"	Yueh Loong Co., Ltd. stock	-	"	29	918	0.95%	918	
Shan Loong Customs Broker	Stocks: Cheng Loong Corporation stock	-	"	7,155	204,991	0.65%	204,991	
Shan-Loong International	Chung Loong Paper Holdings Limited	-	"	1,339	203,371	5.00%	203,371	

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	(934,964)	(8.09)%	20-80 days	There is no difference to those of the third-party	No difference	Accounts receivable 200,530	34.32%	
Shan Loong Customs Broker	Cheng Loong	Cheng Loong is the corporate director of the Company	Freight transportation revenue	(112,557)	(56.14)%	60 days	"	"	Accounts receivable 12,193	29.28%	
Shan-Loong Logistics Co., Ltd.	Cheng Loong Binh Duong Paper Co., Ltd	Its ultimate parent company is the corporate director of the Company	Freight transportation revenue	(206,328)	(68.74)%	60 days	"	"	Accounts receivable 37,324	67.22%	

(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	200,530	6.04	-		Accounts receivable 102,966	-

Note 1: Information as of November 1, 2023.

(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	278,624	The selling price and payment conditions are not significantly different from other customers	2.29%
1	Shan Loong Motors	The Company	2	Accounts receivable	13,234	The selling price and payment conditions are not significantly different from other customers	0.13%

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.

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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, 2023 (Note 1)	December 31, 2022 (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%	985,448	34,312	32,146	Subsidiary company (Note3)
The Company	Shan Loong Customs Broker	Keelung	Import and export agent services	131,000	131,000	13,100	100.00%	322,436	9,418	9,418	"
The Company	Shan-Loong International	British Virgin Islands	Investing activities	324,217 (USD10,047 thousand)	324,217 (USD10,047 thousand)	10,047	100.00%	796,879	27,281	27,281	"
The Company	Shang Loong Motors	New Taipei City	Truck repair, maintenance and sales	270,000	200,000	27,000	100.00%	293,202	14,440	11,801	"
The Company	Ko Loong Industry	New Taipei City	Synthetic resin and plastic manufacturing	31,265	28,655	2,134	20.92%	72,779	16,755	3,507	-
								2,470,744		84,153	
Shan-Loong International	Long Yun	Samoa	Investing activities	26,494 (USD821 thousand)	26,494 (USD821 thousand)	821	100.00%	234,326	(436)	Investment gains and losses recognized by its parent company	Subsidiary company (Note3)
Shan-Loong International	Loong De	Samoa	Investing activities	32,915 (USD1,020 thousand)	32,915 (USD1,020 thousand)	1,020	100.00%	77,026	14,382	"	"
Loong De	Shan-Loong Logistics Co., Ltd.	Vietnam	Warehousing, freight transportation and related agent	32,915 (USD1,020 thousand)	32,915 (USD1,020 thousand)	-	51.00%	53,792	25,730	"	"

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)	186,585 (USD 5,782 thousand)	-	-	186,585 (USD 5,782 thousand)	-%	-	-	-	-
Shanghai Shan Tong	Warehousing, freight transportation and related agent	22,075 (RMB5,000 thousand) (Note 7)	(Note1)	44,746 (USD812 thousand and RMB4,200 thousand)	-	-	44,746 (USD812 thousand and RMB4,200 thousand)	60.00%	(730)	(438)	233,768	-
Loong Fu Paper (Kunsan) Co., Ltd.	Corrugated paper boxes, cardboard and paper products	322,700 (USD10,000 thousand)	(Note1)	35,981 (USD1,115 thousand)	-	-	35,981 (USD1,115 thousand)	5.00%	(Note 4)	(Note 4)	(Note 4)	-

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

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)						
Cheng Loong (Gwangtung) Paper Co., Ltd.	Cardboard, paper boxes, paper products and packing decoration printing	1,000,370 (USD31,000 thousand)	(Note1)	27,397 (USD849 thousand)	-	-	27,397 (USD849 thousand)	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Zhangzhou Cheng Loong Paper Co., Ltd.	Cardboard, paper boxes and paper products	412,411 (USD12,780 thousand)	(Note1)	20,588 (USD638 thousand)	-	-	20,588 (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)	4,841 (USD150 thousand)	-	-	4,841 (USD150 thousand)	-%	-	-	-	-
Tianjin Chung Loong Paper Co., Ltd.	Corrugated cardboard, paper boxes, paper pallets and paper products	(Note 8)	(Note1)	16,167 (USD501 thousand)	-	-	16,167 (USD501 thousand)	-%	-	-	-	-
Suzhou Cheng Loong Paper Co., Ltd.	Cardboard	596,995 (USD18,500 thousand)	(Note1)	5,647 (USD175 thousand)	-	-	5,647 (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	435,645 (USD13,500 thousand)	(Note1)	5,454 (USD169 thousand)	-	-	5,454 (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	130,564 (USD4,046 thousand)	(Note1)	4,034 (USD125 thousand)	-	-	4,034 (USD125 thousand)	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Henan Cheng Loong Packing Products Co., Ltd.	Corrugated cardboard and packaging products	322,377 (USD9,990 thousand)	(Note1)	13,521 (USD419 thousand)	-	-	13,521 (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, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
364,961 (USD10,735 thousand and RMB4,200 thousand)	364,961 (USD10,735 thousand and RMB4,200 thousand)	2,844,263

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 Group recognized its investment profit and loss in Shanghai Shan Tong based on the investees' self-reported financial statements. On the other hand, the Group did not used the equity method in investing in the remaining invested companies; hence, no profit or loss was recognized in the current period.

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.

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

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.		9,277,000	6.75 %
Shine Far Co., Ltd.		8,367,944	6.09 %

(14) Segment information:

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

For the three months ended September 30, 2023					
	Freight segment	Gas station segment	Others	Reconciliation and elimination	Total
Revenues:					
Revenues from external customers	\$ 532,706	3,357,641	264,622	-	4,154,969
Intersegment revenues	-	49,087	91,781	(140,868)	-
Total revenues	<u>\$ 532,706</u>	<u>3,406,728</u>	<u>356,403</u>	<u>(140,868)</u>	<u>4,154,969</u>
Reportable segment profit (loss)	<u>\$ 23,271</u>	<u>70,024</u>	<u>17,575</u>	<u>(88,131)</u>	<u>22,739</u>
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>71,251</u>	<u>20,018</u>	<u>(71,641)</u>	<u>29,929</u>

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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For the nine months ended September 30, 2023					
	Freight segment	Gas station segment	Others	Reconciliation and elimination	Total
Revenues:					
Revenues from external customers	\$ 1,585,432	9,719,120	868,064	-	12,172,616
Intersegment revenues	-	147,198	292,848	(440,046)	-
Total revenues	<u>\$ 1,585,432</u>	<u>9,866,318</u>	<u>1,160,912</u>	<u>(440,046)</u>	<u>12,172,616</u>
Reportable segment profit (loss)	<u>\$ 37,826</u>	<u>159,263</u>	<u>61,931</u>	<u>(169,889)</u>	<u>89,131</u>
For the nine months ended September 30, 2022					
	Freight segment	Gas station segment	Others	Reconciliation and elimination	Total
Revenues:					
Revenues from external customers	\$ 2,434,822	10,354,437	1,312,866	-	14,102,125
Intersegment revenues	-	175,947	256,046	(431,993)	-
Total revenues	<u>\$ 2,434,822</u>	<u>10,530,384</u>	<u>1,568,912</u>	<u>(431,993)</u>	<u>14,102,125</u>
Reportable segment profit (loss)	<u>\$ 45,573</u>	<u>278,771</u>	<u>135,803</u>	<u>(202,986)</u>	<u>257,161</u>