

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

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Shan-Loong Transportation Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Shan-Loong Transportation Co., Ltd. and subsidiaries do not prepare a separate set of combined financial statements.

Company name: Shan-Loong Transportation Co., Ltd.

Chairman: Jen-Hong Cheng

Date: March 14, 2024.



安侯建業聯合會計師事務所
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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Shan-Loong Transportation Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and January 1 and December 31, 2022 (restated), the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and January 1 and December 31, 2022 (restated), and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the financial report as follows:

Revenue recognition

Please refer to note (4)(o) of the consolidated financial statements for the accounting policy of revenue recognition. Information regarding the revenue are shown in note (6)(p) of the consolidated financial statements.

Description of key audit matter:

The main activities of the Group include freight transportation, container trucking, truck repair and maintenance, sale of truck, gas station, and import and export agent. Revenue recognition is one of the significant matters of the consolidated financial statements. The amounts and changes of sales revenue may affect the users' understanding of the entire financial statements. Therefore, the revenue recognition test is one of the significant assessment items in our audit procedures.

Audit Procedures:

Our main audit procedures for the aforementioned key audit matters include testing the Group's controls surrounding revenue recognition in the sale and receipt cycle, including reconciliations between the general ledger and sales system; performing the test of relevant vouchers, as well as assessing whether the Group's timing on revenue recognition and the amounts recognized are in accordance with the related standards.

Other Matter

Shan-Loong Transportation Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Au, Yiu-Kwan and Hsin, Yu-Ting.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2024

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

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

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2023 and 2022****(expressed in thousands of New Taiwan Dollars)**

		December 31, 2023		December 31, 2022		January 1, 2022				December 31, 2023		December 31, 2022		January 1, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets															
Current assets:															
1100	Cash and cash equivalents (note (6)(a))	\$ 1,866,607	17	1,057,797	11	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))	616,169	6	455,219	5	649,969	6	2150	Notes and accounts payable (note (7))	2,256,522	21	1,544,695	16	1,586,129	16
1180	Notes and accounts receivable due from related parties, net (notes (6)(c) and (7))	288,370	3	351,714	3	316,727	3	2200	Other payables (note (7))	359,204	3	391,241	4	507,468	5
1476	Other current financial assets (notes (6)(d) and (7))	461,164	4	460,317	5	78,793	1	2230	Current income tax liabilities	12,842	-	6,052	-	45,481	-
1300	Inventories, net (note (6)(e))	271,100	2	274,517	3	217,656	2	2280	Current lease liabilities (notes (6)(k) and (7))	196,383	2	201,323	2	209,461	2
1479	Other current assets (note (7))	<u>133,846</u>	<u>1</u>	<u>129,763</u>	<u>1</u>	<u>45,318</u>	<u>-</u>	2130	Current contract liabilities (note (6)(p))	35,270	-	23,940	-	21,815	-
		<u>3,637,256</u>	<u>33</u>	<u>2,729,327</u>	<u>28</u>	<u>2,861,749</u>	<u>27</u>	2250	Provisions	15,140	-	11,540	-	18,863	-
Non-current assets:								2399	Other current liabilities	23,744	-	14,672	-	17,422	-
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(b))	2,233,091	20	1,974,379	20	2,446,133	24	2320	Long-term liabilities, current portion (note (6)(j))	<u>350,000</u>	<u>3</u>	<u>100,000</u>	<u>1</u>	<u>1,047,651</u>	<u>10</u>
1550	Investments accounted for using equity method, net (note (6)(f))	70,487	1	65,129	1	71,325	1			<u>3,249,105</u>	<u>29</u>	<u>2,333,463</u>	<u>24</u>	<u>3,494,290</u>	<u>33</u>
1600	Property, plant and equipment (notes (6)(g), (7) and (8))	3,755,114	34	3,710,240	38	3,609,511	35	Non-current liabilities:							
1755	Right-of-use asset (notes (6)(h) and (7))	828,940	9	965,879	10	1,075,528	10	2540	Long-term borrowings (note (6)(j))	1,700,000	16	1,379,000	14	227,049	2
1780	Intangible assets	161,863	1	-	-	-	-	2570	Deferred income tax liabilities (note (6)(m))	199,891	2	167,246	2	164,292	2
1840	Deferred income tax assets (note (6)(m))	47,612	-	36,783	-	37,052	-	2580	Non-current lease liabilities (notes (6)(k) and (7))	650,337	6	792,312	8	890,087	9
1990	Other non-current assets (notes (7) and (8))	<u>218,833</u>	<u>2</u>	<u>299,571</u>	<u>3</u>	<u>246,278</u>	<u>3</u>	2640	Non-current net defined benefit liability (note (6)(l))	57,224	-	87,349	1	102,434	1
		<u>7,315,940</u>	<u>67</u>	<u>7,051,981</u>	<u>72</u>	<u>7,485,827</u>	<u>73</u>	2645	Guarantee deposits received	<u>12,304</u>	<u>-</u>	<u>13,032</u>	<u>-</u>	<u>18,262</u>	<u>-</u>
										<u>2,619,756</u>	<u>24</u>	<u>2,438,939</u>	<u>25</u>	<u>1,402,124</u>	<u>14</u>
									Total liabilities	<u>5,868,861</u>	<u>53</u>	<u>4,772,402</u>	<u>49</u>	<u>4,896,414</u>	<u>47</u>
								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	5	586,742	6	583,359	6
								3300	Retained earnings	1,741,067	16	1,895,791	19	1,938,528	19
								3400	Other equity	1,215,527	11	991,242	10	1,387,647	13
								3500	Treasury shares	<u>(31,863)</u>	<u>-</u>	<u>(31,863)</u>	<u>-</u>	<u>(31,863)</u>	<u>-</u>
										<u>4,886,457</u>	<u>45</u>	<u>4,814,730</u>	<u>49</u>	<u>5,250,489</u>	<u>51</u>
								36XX	Non-controlling interests	<u>197,878</u>	<u>2</u>	<u>194,176</u>	<u>2</u>	<u>200,673</u>	<u>2</u>
									Total equity	<u>5,084,335</u>	<u>47</u>	<u>5,008,906</u>	<u>51</u>	<u>5,451,162</u>	<u>53</u>
Total assets		<u>\$ 10,953,196</u>	<u>100</u>	<u>9,781,308</u>	<u>100</u>	<u>10,347,576</u>	<u>100</u>		Total liabilities and equity	<u>\$ 10,953,196</u>	<u>100</u>	<u>9,781,308</u>	<u>100</u>	<u>10,347,576</u>	<u>100</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

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022 (restated)	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes (6)(p) and (7))	\$ 16,423,894	100	18,518,763	100
5000	Operating costs (notes (6)(e), (7) and (12))	<u>15,204,944</u>	<u>93</u>	<u>17,099,612</u>	<u>92</u>
5900	Gross profit from operations	<u>1,218,950</u>	<u>7</u>	<u>1,419,151</u>	<u>8</u>
	Operating expenses (notes (7) and (12)):				
6100	Selling expenses	546,918	3	540,784	3
6200	Administrative expenses	707,729	4	748,871	4
6450	Expected credit losses (gains)	<u>-</u>	<u>-</u>	<u>20,265</u>	<u>-</u>
		<u>1,254,647</u>	<u>7</u>	<u>1,309,920</u>	<u>7</u>
6900	Net operating (loss) income	<u>(35,697)</u>	<u>-</u>	<u>109,231</u>	<u>1</u>
	Non-operating income and expenses:				
7010	Other income (note (7))	58,798	-	74,202	-
7020	Other gains and losses, net (notes (6)(k) and (6)(r))	(968)	-	18,539	-
7050	Finance costs (notes (6)(k) and (7))	(52,168)	-	(37,125)	-
7060	Shares of profit (loss) of associates and joint ventures accounted for using equity method, net (note (6)(f))	74	-	1,955	-
7100	Interest income	17,104	-	6,773	-
7130	Dividend income	99,609	1	186,144	1
7210	Gains (losses) on disposals of property, plant and equipment	13,486	-	(992)	-
7590	Miscellaneous disbursements	<u>(12,249)</u>	<u>-</u>	<u>(13,150)</u>	<u>-</u>
		<u>123,686</u>	<u>1</u>	<u>236,346</u>	<u>1</u>
7900	Profit before tax	87,989	1	345,577	2
7950	Less: Income tax expenses (note (6)(m))	<u>5,333</u>	<u>-</u>	<u>48,664</u>	<u>-</u>
8200	Profit	<u>82,656</u>	<u>1</u>	<u>296,913</u>	<u>2</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(l))	(404)	-	15,272	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	258,712	1	(411,578)	(2)
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))	2,418	-	(7,144)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(m))	<u>32,009</u>	<u>-</u>	<u>(13,455)</u>	<u>-</u>
		<u>228,717</u>	<u>1</u>	<u>(389,995)</u>	<u>(2)</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	(10,395)	-	13,233	-
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss (note (6)(m))	<u>(1,190)</u>	<u>-</u>	<u>1,452</u>	<u>-</u>
		<u>(9,205)</u>	<u>-</u>	<u>11,781</u>	<u>-</u>
8300	Other comprehensive income (loss)	<u>219,512</u>	<u>1</u>	<u>(378,214)</u>	<u>(2)</u>
8500	Total comprehensive income (loss)	<u>\$ 302,168</u>	<u>2</u>	<u>(81,301)</u>	<u>-</u>
	Profit, attributable to:				
8610	Owners of parent	\$ 65,250	1	288,250	2
8620	Non-controlling interests	<u>17,406</u>	<u>-</u>	<u>8,663</u>	<u>-</u>
		<u>\$ 82,656</u>	<u>1</u>	<u>296,913</u>	<u>2</u>
	Total comprehensive income attributable to:				
8710	Owners of parent	\$ 289,212	2	(95,937)	-
8720	Non-controlling interests	<u>12,956</u>	<u>-</u>	<u>14,636</u>	<u>-</u>
		<u>\$ 302,168</u>	<u>2</u>	<u>(81,301)</u>	<u>-</u>
	Earnings per share (note (6)(o))				
9750	Basic earnings per share	<u>\$ 0.48</u>		<u>2.12</u>	
9850	Diluted earnings per share	<u>\$ 0.48</u>		<u>2.11</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

Consolidated Statement of Changes in Equity
For the years ended December 31, 2023 and 2022
 (expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings					Other equity		Total equity				
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total 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	owners of parent	Non-controlling interests	Total equity
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 year ended December 31, 2022 (restated)	-	-	-	288,250	288,250	-	-	-	-	288,250	8,663	296,913
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	12,218	12,218	5,808	(402,213)	(396,405)	-	(384,187)	5,973	(378,214)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	300,468	300,468	5,808	(402,213)	(396,405)	-	(95,937)	14,636	(81,301)
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	3,383	-	-	-	-	-	-	-	3,383	-	3,383
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(21,133)	(21,133)
Balance on December 31, 2022 (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 year ended December 31, 2023	-	-	-	65,250	65,250	-	-	-	-	65,250	17,406	82,656
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(323)	(323)	(4,755)	229,040	224,285	-	223,962	(4,450)	219,512
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	64,927	64,927	(4,755)	229,040	224,285	-	289,212	12,956	302,168
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	2,166	-	-	-	-	-	-	-	2,166	-	2,166
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(9,254)	(9,254)
Balance on December 31, 2023	<u>\$ 1,372,818</u>	<u>588,908</u>	<u>556,797</u>	<u>1,184,270</u>	<u>1,741,067</u>	<u>(20,884)</u>	<u>1,236,411</u>	<u>1,215,527</u>	<u>(31,863)</u>	<u>4,886,457</u>	<u>197,878</u>	<u>5,084,335</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**Consolidated Statement of Cash Flows****For the years ended December 31, 2023 and 2022****(expressed in thousands of New Taiwan Dollars)**

	2023	2022 (restated)
Cash flows from (used in) operating activities:		
Profit before tax	\$ 87,989	345,577
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	457,904	485,924
Amortization expense	10,368	-
Expected credit losses (gains)	-	20,265
Interest expense	52,168	37,125
Interest income	(17,104)	(6,773)
Dividend income	(99,609)	(186,144)
Share of profit of associates and joint ventures accounted for using equity method	(74)	(1,955)
Loss (gain) on disposal of property, plant and equipment	(13,486)	992
Others	(1,872)	(12)
	<u>388,295</u>	<u>349,422</u>
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	(97,606)	139,498
Decrease (increase) in inventories	3,417	(56,861)
Decrease (increase) in other current financial assets	(3,190)	5,594
Decrease (increase) in other current assets	1,753	(75,762)
Increase (decrease) in notes and accounts payable	711,827	(41,434)
Increase (decrease) in provisions	3,600	(7,323)
Increase (decrease) in other payables and other current liabilities	(31,922)	(118,977)
Increase (decrease) in net defined benefit liabilities	(30,529)	187
Increase (decrease) in contract liabilities	11,330	2,125
	<u>568,680</u>	<u>(152,953)</u>
Total adjustments	<u>956,975</u>	<u>196,469</u>
Cash inflow (outflow) generated from (used in) operations	1,044,964	542,046
Dividends received	100,676	187,151
Interest paid	(52,168)	(37,125)
Interest received	17,104	6,773
Income taxes paid	(13,382)	(81,550)
Net cash flows from (used in) operating activities	<u>1,097,194</u>	<u>617,295</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	(304,854)	(358,105)
Proceeds from disposal of property, plant and equipment	20,139	2,765
Decrease in refundable deposits	2,918	27,274
Acquisition of intangible assets	(52,711)	-
Decrease (increase) in other financial assets	2,343	(389,533)
Increase in prepayments for business facilities	(30,311)	(78,152)
Net cash flows from (used in) investing activities	<u>(365,086)</u>	<u>(735,575)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(40,000)	-
Proceeds from long-term borrowings	1,851,000	304,300
Repayments of long-term borrowings	(1,280,000)	(100,000)
Decrease in guarantee deposit received	(728)	(5,230)
Payment of lease liabilities	(225,616)	(227,800)
Cash dividends paid	(217,485)	(339,822)
Changes in non-controlling interests	-	(21,133)
Net cash flows from (used in) financing activities	<u>87,171</u>	<u>(389,685)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(10,469)</u>	<u>12,476</u>
Net increase (decrease) in cash and cash equivalents	808,810	(495,489)
Cash and cash equivalents at beginning of period	1,057,797	1,553,286
Cash and cash equivalents at end of period	<u>\$ 1,866,607</u>	<u>1,057,797</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
For the years ended December 31, 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(c)(ii) 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 March 14, 2024.

(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”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

(Continued)

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

- 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:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as “IFRS endorsed by the FSC”).

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value; and
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note (4)(p).

- (ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding	
			December 31, 2023	December 31, 2022
The Company	Shan Loong Investment Co., Ltd. (Shan-Loong Investment)	Investing activities	100 %	100 %
The Company	Shan Loong International & Customs Broker Co., Ltd. (Shan Loong Customs Broker)	Import and export agent services	100 %	100 %
The Company	Shan Loong Motors Co., Ltd. (Shan Loong Motors)	Truck repair, maintenance and sales	100 %	100 %
The Company	Shan-Loong International holding Co., Ltd. (Shan-Loong International)	Investing activities	100 %	100 %
Shan-Loong International	Long Yun Investment Holding Co, Ltd. (Long Yun)	Investing activities	100 %	100 %
"	Loong De Investment Co., Ltd. (Loong De)	Investing activities	100 %	100 %
Long Yun	Shanghai Shan Tong Logistic Co., Ltd. (Shanghai Shan Tong)	Truck freight transportation and warehousing	60 %	60 %
Loong De	Shan-Loong Logistics Co., Ltd.	Warehousing, freight transportation and related agent	51 %	51 %

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

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation. Exchange differences are recognized in profit or loss except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

The business cycle of the selling trucks through installment usually exceeds one year, therefore, the balance sheet accounts related to the selling trucks through installment are classified as current.

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or

(Continued)

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

- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(Continued)

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

(Continued)

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets), and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’. The counterparties of the time deposits held by the Group are the financial institutions with investment grade credit ratings. Therefore, the credit risk is considered to be low.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue;
- the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

(Continued)

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

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

6) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

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

(h) 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.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost, whose investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments, in order to be consistent with the Group's accounting policies, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from transactions between the Group and its associate are recognized only to the unrelated Group's interests in the associate. When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(Continued)

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

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings: 31~56 years
- 2) Building improvements: 1~27 years
- 3) Gasoline equipment: 1~21 years
- 4) Transportation equipment: 5~19 years
- 5) Miscellaneous equipment: 1~21 years

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

(k) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

(Continued)

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

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 3) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

(Continued)

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

(l) 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.

(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.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

In accordance with the Company's applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense are recognized when the land is contaminated.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group sells gas to clients and consumers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Truck repair, freight transportation and customs broker services

The Group provides truck repair, freight transportation and customs broker services. Revenue from providing services is recognized in the accounting period in which the services are rendered.

3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(Continued)

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

(ii) Installment sales revenue

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

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

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

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries and joint arrangements and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(t) 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 year ended December 31, 2022 are explained as follows:

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

Consolidated Balance Sheet

		January 1, 2022		
		Before	Adjustment	After
Accounts		restatement		restatement
Inventories	\$	223,277	(5,621)	217,656
Retained earnings		1,944,149	(5,621)	1,938,528

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

Consolidated statement of Comprehensive Income

		2022		
		Before	Adjustment	After
Accounts	2023	restatement		restatement
Operating costs	\$ 15,204,944	17,098,866	746	17,099,612
Basic earnings per share (NTD)	0.48	2.13	(0.01)	2.12

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

In preparing these consolidated financial statements, management has made 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgments in applying accounting policies that have significant effects on the amounts recognized in the consolidated financial statements.

Furthermore, there are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 17,553	14,053
Checking accounts and demand deposits	1,764,054	897,179
Time deposits	85,000	146,565
	\$ 1,866,607	1,057,797

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Stocks listed on domestic markets	\$ 1,735,908	1,595,869
Stocks unlisted on domestic markets	173,005	175,139
Stocks unlisted on foreign markets	<u>324,178</u>	<u>203,371</u>
	<u>\$ 2,233,091</u>	<u>1,974,379</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 years ended December 31, 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.

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

	December 31, 2023	December 31, 2022
Notes receivable	\$ 16,106	27,278
Accounts receivable	819,603	721,984
Less: allowance for impairment	<u>(23,334)</u>	<u>(23,334)</u>
	<u>812,375</u>	<u>725,928</u>
Installment sales receivable	99,948	88,157
Less: Unearned interests	<u>(7,784)</u>	<u>(7,152)</u>
	<u>92,164</u>	<u>81,005</u>
	<u>\$ 904,539</u>	<u>806,933</u>

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

	December 31, 2023	December 31, 2022
Notes and accounts receivable, net	\$ <u>616,169</u>	<u>455,219</u>
Notes and accounts receivable due from related parties, net	\$ <u>288,370</u>	<u>351,714</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 December 31, 2023 and 2022, the loss allowance provisions were determined as follows:

December 31, 2023					
	Gross carrying amount		Loss rate		Loss allowance provision
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	
Installment sales receivable	\$ -	99,948	-	-	-
Notes and accounts receivable					
Aging under 60 days	16,106	781,563	-	-	-
Aging 61~90 days	-	5,676	1%	1%	56
Aging 91~120 days	-	802	5%	60%	207
Aging 121~150 days	-	35	10%	60%	-
Aging 151~180 days	-	893	10%	80%	693
Aging 181~365 days	-	46	10%	90%	-
Aging over 365 days	-	30,588	100%	100%	20,989
	<u>\$ 16,106</u>	<u>919,551</u>			<u>21,945</u>
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
	<u>\$ 27,278</u>	<u>810,141</u>			<u>22,139</u>

(Continued)

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

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

	Gross installment sales (Tax included)	Unearned interests	Present value of installment sales receivable
December 31, 2023			
Within 1 year	\$ 19,580	(2,735)	16,845
Beyond 1 year to 5 years	<u>80,368</u>	<u>(5,049)</u>	<u>75,319</u>
	<u>\$ 99,948</u>	<u>(7,784)</u>	<u>92,164</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>

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:

	2023	2022
Balance on January 1	\$ 23,334	3,069
Impairment losses recognized	<u>-</u>	<u>20,265</u>
Balance on December 31	<u>\$ 23,334</u>	<u>23,334</u>

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

(d) Other current financial assets

	December 31, 2023	December 31, 2022
Other receivables	\$ 87,074	83,884
Less: loss allowance	<u>(13,100)</u>	<u>(13,100)</u>
	73,974	70,784
Restricted deposits	382,190	389,533
Time deposits with maturities over three months	<u>5,000</u>	<u>-</u>
	<u>\$ 461,164</u>	<u>460,317</u>

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

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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(e) Inventories

	December 31, 2023	December 31, 2022 (restated)	January 1, 2022 (restated)
Premium Diesel	\$ 45,682	34,715	60,529
Unleaded Gasoline #92	43,200	57,633	48,073
Unleaded Gasoline #95	65,879	84,268	66,665
Unleaded Gasoline #98	21,769	30,088	28,364
By-product and other	20,367	17,628	14,025
Merchandise Inventory	74,203	50,185	-
	<u>\$ 271,100</u>	<u>274,517</u>	<u>217,656</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)(t) for more details.

The Group recognized as cost of sales amounted to \$12,102,134 and \$13,322,467 (restated), respectively, for the years ended December 31, 2023 and 2022.

The gain on physical inventory amounted to \$22,629 and \$42,082, respectively, which was recorded as cost of sales for the years ended December 31, 2023 and 2022.

As of December 31, 2023 and 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:

	December 31, 2023	December 31, 2022
Associates	<u>\$ 70,487</u>	<u>65,129</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:

	2023	2022
Attributable to the Group:		
Profit (loss)	\$ 74	1,955
Other comprehensive income (loss)	2,418	(7,144)
Total comprehensive income (loss)	<u>\$ 2,492</u>	<u>(5,189)</u>

(Continued)

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

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

(g) Property, plant and equipment

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

	Land	Buildings	Gasoline equipment	Transportation equipment	Miscellaneous equipment	Unfinished construction and equipment under installation	Total
Cost:							
Balance on January 1, 2023	\$ 2,009,271	912,904	174,990	2,240,040	507,004	7,972	5,852,181
Additions	-	37,543	31,397	146,767	25,351	63,796	304,854
Disposals	-	-	-	(66,465)	-	-	(66,465)
Reclassifications	-	37,258	108,823	-	(119,112)	(38,358)	(11,389)
Effect of movements in exchange rates	-	-	-	(614)	(1)	-	(615)
Balance on December 31, 2023	<u>\$ 2,009,271</u>	<u>987,705</u>	<u>315,210</u>	<u>2,319,728</u>	<u>413,242</u>	<u>33,410</u>	<u>6,078,566</u>
Balance on January 1, 2022	\$ 2,006,541	903,316	155,502	2,019,052	448,412	13,911	5,546,734
Additions	2,730	10,159	10,401	252,204	77,979	4,632	358,105
Disposals	-	(661)	(1,394)	(32,474)	(19,388)	-	(53,917)
Reclassifications	-	90	10,481	-	-	(10,571)	-
Effect of movements in exchange rates	-	-	-	1,258	1	-	1,259
Balance on December 31, 2022	<u>\$ 2,009,271</u>	<u>912,904</u>	<u>174,990</u>	<u>2,240,040</u>	<u>507,004</u>	<u>7,972</u>	<u>5,852,181</u>
Depreciation:							
Balance on January 1, 2023	\$ -	405,793	121,157	1,274,530	340,461	-	2,141,941
Depreciation	-	38,082	18,767	146,312	38,554	-	241,715
Disposals	-	-	-	(59,812)	-	-	(59,812)
Reclassifications	-	(1,705)	87,920	-	(86,215)	-	-
Effect of movements in exchange rates	-	-	-	(391)	(1)	-	(392)
Balance on December 31, 2023	<u>\$ -</u>	<u>442,170</u>	<u>227,844</u>	<u>1,360,639</u>	<u>292,799</u>	<u>-</u>	<u>2,323,452</u>
Balance on January 1, 2022	\$ -	368,701	111,360	1,147,617	309,545	-	1,937,223
Depreciation	-	37,606	11,184	157,026	48,560	-	254,376
Disposals	-	(514)	(1,387)	(30,615)	(17,644)	-	(50,160)
Effect of movements in exchange rates	-	-	-	502	-	-	502
Balance on December 31, 2022	<u>\$ -</u>	<u>405,793</u>	<u>121,157</u>	<u>1,274,530</u>	<u>340,461</u>	<u>-</u>	<u>2,141,941</u>

(Continued)

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

	<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 December 31, 2023	\$ <u>2,009,271</u>	<u>545,535</u>	<u>87,366</u>	<u>959,089</u>	<u>120,443</u>	<u>33,410</u>	<u>3,755,114</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 December 31, 2022	\$ <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>

(i) The Group is restricted by the law and cannot acquire any agricultural land in the name of the Group; therefore, the agricultural land located in Mailiao and Taoyuan is registered in the name of the Chairman of the Company. As of December 31, 2023 and 2022, the carrying value of the above land was both \$215,304. The Group has either "Other rights certificate" of the land or an agreement with both parties to verify that the Group is the actual owner of the land.

(ii) As of December 31, 2023 and 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	-	97,408	-	97,408
Reductions	(41)	(42,651)	-	(42,692)
Balance on December 31, 2023	\$ <u>287,160</u>	<u>1,547,129</u>	<u>13,987</u>	<u>1,848,276</u>
Balance on January 1, 2022	\$ 264,408	1,393,037	14,571	1,672,016
Additions	22,793	99,567	-	122,360
Reductions	-	(232)	(584)	(816)
Balance on December 31, 2022	\$ <u>287,201</u>	<u>1,492,372</u>	<u>13,987</u>	<u>1,793,560</u>
Depreciation:				
Balance on January 1, 2023	\$ 110,523	708,099	9,059	827,681
Depreciation	36,654	176,876	2,659	216,189
Reductions	-	(24,534)	-	(24,534)
Balance on December 31, 2023	\$ <u>147,177</u>	<u>860,441</u>	<u>11,718</u>	<u>1,019,336</u>

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

	<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	41,280	187,563	2,705	231,548
Reductions	-	(151)	(204)	(355)
Balance on December 31, 2022	<u>\$ 110,523</u>	<u>708,099</u>	<u>9,059</u>	<u>827,681</u>
Carrying amount:				
Balance on December 31, 2023	<u>\$ 139,983</u>	<u>686,688</u>	<u>2,269</u>	<u>828,940</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 December 31, 2022	<u>\$ 176,678</u>	<u>784,273</u>	<u>4,928</u>	<u>965,879</u>

The Group's right-of-use assets increased resulting from the new lease contracts of gas stations and container yard ; and the decrease was mainly derived from terminating the lease contract of the office located in Banciao District, New Taipei City with Cheng Loong.

(i) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Short-term borrowings	\$ -	40,000
Unused short-term credit lines	\$ 520,850	124,000
Range of interest rates	2.25%	2.00%

(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>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loans	NTD	\$ 2,050,000	1,479,000
Less: current portion		350,000	100,000
		<u>\$ 1,700,000</u>	<u>1,379,000</u>
Unused long-term credit lines		<u>\$ 1,500,000</u>	<u>200,000</u>
Range of interest rates		<u>1.67%~2.45%</u>	<u>1%~2.17%</u>
Maturity year		2024~2028	2023~2027

(i) Issuance and repayment of the loans

The Group's additional amounts in loans for the years ended December 31, 2023 and 2022, were \$1,851,000 and \$304,300, respectively; and the repayments, including prepaying the loans, were \$1,280,000 and \$100,000, respectively.

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

- (ii) As of December 31, 2023, the repayment schedule for the long-term borrowings was as follows:

<u>Period</u>	<u>Amount</u>
2024.01.01~2024.12.31	\$ 350,000
2025.01.01~2025.12.31	1,200,000
2026.01.01~2026.12.31	300,000
2027.01.01~2027.12.31	-
2028.01.01~2028.12.31	200,000
	<u>\$ 2,050,000</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>December 31, 2023</u>	<u>December 31, 2022</u>
Current	<u>\$ 196,383</u>	<u>201,323</u>
Non-current	<u>\$ 650,337</u>	<u>792,312</u>

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

	<u>2023</u>	<u>2022</u>
The amounts recognized in profit or loss were as follows:		
Interest on lease liabilities	<u>\$ 12,969</u>	<u>14,532</u>
Expenses relating to short-term leases	<u>\$ 24,650</u>	<u>17,674</u>
Lease modification gains (recorded as other gains and losses)	<u>\$ 549</u>	<u>(12)</u>

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

	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 263,235</u>	<u>260,006</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.

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

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value is as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ (142,495)	(155,293)
Fair value of plan assets	<u>85,271</u>	<u>70,358</u>
Net defined benefit liabilities	<u>\$ (57,224)</u>	<u>(84,935)</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$84,410 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company were as follows:

	2023	2022
Defined benefit obligations at January 1	\$ (155,293)	(247,658)
Benefits paid	22,428	99,511
Pensions for employees who are transferred from affiliated companies	(4,620)	(2,588)
Current service costs and interest cost	(3,284)	(4,760)
Remeasurement in net defined benefit liabilities (assets)	<u>(1,726)</u>	<u>202</u>
Defined benefit obligations at December 31	<u>\$ (142,495)</u>	<u>(155,293)</u>

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

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 70,358	147,473
Expected return on plan assets	904	908
Remeasurement of net defined benefit liabilities (assets)	1,322	15,070
Contributions paid by the employer	35,115	6,418
Benefits paid	(22,428)	(99,511)
Fair value of plan assets at December 31	<u>\$ 85,271</u>	<u>70,358</u>

4) Movements of the effect of the asset ceiling

In 2023 and 2022, there were no movements on the effect of the Company's defined benefit plans asset ceiling.

5) Expenses recognized in profit or loss

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

	<u>2023</u>	<u>2022</u>
Current service costs	\$ 1,343	3,243
Interest cost	1,941	1,517
Expected return on plan assets	(904)	(908)
	<u>\$ 2,380</u>	<u>3,852</u>
Operating cost	\$ -	2,028
Administration expenses	2,380	1,824
	<u>\$ 2,380</u>	<u>3,852</u>

6) Remeasurement of net defined benefit liabilities (assets) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income, was as follows:

	<u>2023</u>	<u>2022</u>
Accumulated amount at January 1	\$ (147,175)	(162,447)
Recognized during the period	(404)	15,272
Accumulated amount at December 31	<u>\$ (147,579)</u>	<u>(147,175)</u>

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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7) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.250 %	1.250 %
Future salary increase rate	1.000 %	1.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$2,115.

The weighted average lifetime of the defined benefits plans is 10.20 years.

8) Sensitivity analysis

In determining the present value of the defined benefit obligation, the Company's management makes judgements and estimates in determining certain actuarial assumptions of the balance sheet date, which includes discount rate and future salary increase rate. Changes in actuarial assumptions may have significant impact on the amount of defined benefit obligation.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2023		
Discount rate	\$ (1,504)	1,550
Future salary increasing rate	1,550	(1,512)
December 31, 2022		
Discount rate	(2,237)	2,312
Future salary increasing rate	2,312	(2,248)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

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

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group recognized the pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$46,512 and \$49,069 for the years ended December 31, 2023 and 2022, respectively.

The other subsidiaries recognized the pension expense, basic endowment insurance expenses, and social welfare expenses amounting to \$1,876 and \$1,791 for the years ended December 31, 2023 and 2022, respectively.

(m) Income taxes

(i) Income tax expenses

1) The components of income tax in the years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expenses		
Current period	\$ 17,533	34,920
Adjustment for prior periods	<u>(3,197)</u>	<u>(1,482)</u>
	<u>14,336</u>	<u>33,438</u>
Deferred tax expenses		
Origination and reversal of temporary differences	(6,647)	16,556
Under (over) provision in prior periods	<u>(2,356)</u>	<u>(1,330)</u>
	<u>(9,003)</u>	<u>15,226</u>
Income tax expenses	<u><u>\$ 5,333</u></u>	<u><u>48,664</u></u>

2) The amounts of income tax recognized directly in other comprehensive income for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ (81)	3,054
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>32,090</u>	<u>(16,509)</u>
	<u><u>\$ 32,009</u></u>	<u><u>(13,455)</u></u>

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

	<u>2023</u>	<u>2022</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ <u>(1,190)</u>	<u>1,452</u>

- 3) Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u> <u>(restated)</u>
Profit before tax	\$ <u>87,989</u>	<u>345,577</u>
Income tax on pre-tax financial income calculated at the domestic rates applicable to profits in the country concerned	\$ 36,219	94,391
Net gains or losses on domestic investments accounted for using equity method	(13,959)	(21,253)
Tax-exempt income	(13,859)	(23,214)
Under (over) provision in prior periods	(5,553)	(2,812)
Non-deductible expenses and others	<u>2,485</u>	<u>1,552</u>
Income tax expenses	\$ <u>5,333</u>	<u>48,664</u>

(ii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liabilities: None.
- 2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	<u>Defined benefit plans</u>	<u>Exchange differences on translation</u>	<u>Tax losses</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:					
Balance on January 1, 2023	\$ 13,065	9,447	-	14,271	36,783
Recognized in profit (loss)	(5,106)	-	16,423	(1,759)	9,558
Recognized in other comprehensive income	<u>81</u>	<u>1,190</u>	<u>-</u>	<u>-</u>	<u>1,271</u>
Balance on December 31, 2023	\$ <u>8,040</u>	<u>10,637</u>	<u>16,423</u>	<u>12,512</u>	<u>47,612</u>
Balance on January 1, 2022	\$ 16,632	10,899	-	9,521	37,052
Recognized in profit (loss)	(513)	-	-	4,750	4,237
Recognized in other comprehensive income	<u>(3,054)</u>	<u>(1,452)</u>	<u>-</u>	<u>-</u>	<u>(4,506)</u>
Balance on December 31, 2022	\$ <u>13,065</u>	<u>9,447</u>	<u>-</u>	<u>14,271</u>	<u>36,783</u>

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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	Unrealized gains (losses) on financial assets	Overseas investment income accounted under the equity method	Others	Total
Deferred tax liabilities:				
Balance on January 1, 2023	\$ 85,067	77,290	4,889	167,246
Recognized in (profit) loss	-	3,600	(3,045)	555
Recognized in other comprehensive income	32,090	-	-	32,090
Balance on December 31, 2023	<u>\$ 117,157</u>	<u>80,890</u>	<u>1,844</u>	<u>199,891</u>
Balance on January 1, 2022	\$ 101,576	59,025	3,691	164,292
Recognized in (profit) loss	-	18,265	1,198	19,463
Recognized in other comprehensive income	(16,509)	-	-	(16,509)
Balance on December 31, 2022	<u>\$ 85,067</u>	<u>77,290</u>	<u>4,889</u>	<u>167,246</u>

- (iii) The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. As of December 31, 2023, the information of the Group's tax losses for which deferred tax assets has recognized are as follows:

Year of loss	Unused tax loss	Expiry date
The Company:		
2023 (Estimated)	\$ <u>82,115</u>	2033

- (iv) 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

- (i) Ordinary shares

As of December 31, 2023 and 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.

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(ii) Capital surplus

The balances of capital surplus were as follows:

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

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retain earnings

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. The amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) 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

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

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>

On March 14, 2024, the Company's Board of Directors resolved to appropriate to 2023 earnings. These earnings were appropriated as follows:

	2023	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.43	<u><u>59,031</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 December 31, 2023 and 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:

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	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Shares</u>	<u>Shares</u>
	<u>(thousands)</u>	<u>(thousands)</u>
Shan-Loong Investment	<u>1,353</u>	<u>1,353</u>
Fair value	<u>\$ 31,863</u>	<u>\$ 31,863</u>
	<u>\$ 40,604</u>	<u>\$ 43,175</u>

For the years ended December 31, 2023 and 2022, Shan-Loong Investment, received the cash dividend which was distributed by the Company, amounting to \$2,166 and \$3,383, respectively, which was recorded as capital surplus - treasury share transactions.

(o) Earnings per share

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

	<u>2023</u>	<u>2022</u> <u>(restated)</u>
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	<u>\$ 65,250</u>	<u>288,250</u>
Weighted average number of ordinary shares (thousands)	<u>135,928</u>	<u>135,928</u>
Basic earnings per share (dollars)	<u>\$ 0.48</u>	<u>2.12</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (after adjustment the influence of potential ordinary shares)	<u>\$ 65,250</u>	<u>288,250</u>
Weighted average number of ordinary shares (thousands)	135,928	135,928
Dilutive effect of potential ordinary shares (thousands):		
Employee share bonus	<u>208</u>	<u>797</u>
Weighted average number of ordinary shares (after adjustment the influence of potential ordinary shares)	<u>136,136</u>	<u>136,725</u>
Diluted earnings per share (dollars)	<u>\$ 0.48</u>	<u>2.11</u>

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>			
	<u>Transportation segment</u>	<u>Gasoline station segment</u>	<u>Other segment</u>	<u>Total</u>
Primary geographical markets:				
Taiwan	\$ 1,956,537	12,940,077	1,101,487	15,998,101
Vietnam	<u>425,793</u>	<u>-</u>	<u>-</u>	<u>425,793</u>
	<u>\$ 2,382,330</u>	<u>12,940,077</u>	<u>1,101,487</u>	<u>16,423,894</u>

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	2022			
	Transportation segment	Gasoline station segment	Other segment	Total
Primary geographical markets:				
Taiwan	\$ 2,909,409	13,750,564	1,571,219	18,231,192
Vietnam	287,571	-	-	287,571
	<u>\$ 3,196,980</u>	<u>13,750,564</u>	<u>1,571,219</u>	<u>18,518,763</u>

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	\$ 935,657	837,419	969,765
Less: allowance for impairment	(23,334)	(23,334)	(3,069)
Unearned interests	(7,784)	(7,152)	-
	<u>\$ 904,539</u>	<u>806,933</u>	<u>966,696</u>
Contract liabilities – Unearned revenue	<u>\$ 35,270</u>	<u>23,940</u>	<u>21,815</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 \$2,070 and \$22,000, respectively, and the remuneration to directors were both \$0 for the years ended December 31, 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 during 2023 and 2022.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions in 2023 and 2022. Related information would be available at the Market Observation Post System Website.

(r) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of December 31, 2023 and 2022, the accounts receivable amounted to \$288,311 and \$288,003, respectively, comes from one of the Group's significant customer, whose main activities is the manufacturing and sale of paper products.

3) Receivables 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).

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

	<u>2023</u>	<u>2022</u>
Balance on January 1 (same as balance on December 31)	<u>\$ 13,100</u>	<u>13,100</u>

(Continued)

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

(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>
December 31, 2023					
Non-derivative financial liabilities					
Notes and accounts payable	\$ 2,256,522	(2,256,522)	(2,256,522)	-	-
Other payables	359,204	(359,204)	(359,204)	-	-
Lease liabilities (including current and non-current)	846,720	(880,515)	(206,971)	(182,425)	(491,119)
Long-term borrowings (including current portion)	2,050,000	(2,122,703)	(385,767)	(1,223,166)	(513,770)
Guarantee deposits received	12,304	(12,304)	-	-	(12,304)
	<u><u>\$ 5,524,750</u></u>	<u><u>(5,631,248)</u></u>	<u><u>(3,208,464)</u></u>	<u><u>(1,405,591)</u></u>	<u><u>(1,017,193)</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>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets						
Monetary items						
USD	\$ 11,146	USD/TWD =30.705	342,238	10,327	USD/TWD =30.710	317,142
Non-Monetary items						
CNY	74,920	CNY/TWD =4.327	324,178	46,137	CNY/TWD =4.408	203,371

(Continued)

SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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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 years ended December 31, 2023 and 2022, would have increased or decreased the profit before tax by \$17,112 and \$15,857, respectively; and would have increased or decreased the other comprehensive income by \$16,209 and \$10,169, 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 years ended December 31, 2023 and 2022, the foreign exchange gains (losses) (including both realized and unrealized) were as follows:

	<u>2023</u>	<u>2022</u>
Foreign exchange gain (loss) (recorded as other gains and losses)	\$ <u>(1,517)</u>	<u>18,527</u>

(iv) Interest rate analysis

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Variable rate instruments (Carrying amount):		
Financial assets	\$ 2,069,877	1,180,842
Financial liabilities	2,050,000	801,700

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 \$50 and \$948, respectively, for the years ended December 31, 2023 and 2022, which would be mainly resulted from the bank deposits and bank loans.

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(v) Other market price risk

For the years ended December 31, 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:

Prices of securities at the reporting date	2023		2022	
	Other comprehensive income before tax	Profit before tax	Other comprehensive income before tax	Profit before tax
Increasing 5%	\$ <u>111,655</u>	<u>-</u>	<u>98,719</u>	<u>-</u>
Decreasing 5%	\$ <u>(111,655)</u>	<u>-</u>	<u>(98,719)</u>	<u>-</u>

(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).

(Continued)

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

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:

	December 31, 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	\$ 1,735,908	1,735,908	-	-	1,735,908
Unquoted equity instruments	<u>497,183</u>	-	-	497,183	497,183
Subtotal	<u>2,233,091</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	1,866,607	-	-	-	-
Notes and accounts receivable, net	616,169	-	-	-	-
Notes and accounts receivable-related parties, net	288,370	-	-	-	-
Other current financial assets	461,164	-	-	-	-
Refundable deposits (recorded as other non-current assets)	<u>188,522</u>	-	-	-	-
Subtotal	<u>3,420,832</u>				
	<u>\$ 5,653,923</u>				
Financial liabilities measured at amortized cost					
Notes and accounts payable	\$ 2,256,522	-	-	-	-
Other payables	359,204	-	-	-	-
Lease liabilities (including current and non-current)	846,720	-	-	-	-
Long-term borrowings (including current portion)	2,050,000	-	-	-	-
Guarantee deposits	<u>12,304</u>	-	-	-	-
	<u>\$ 5,524,750</u>				

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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	December 31, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stock listed on domestic markets	\$ 1,595,869	1,595,869	-	-	1,595,869
Unquoted equity instruments	<u>378,510</u>	-	-	378,510	378,510
Subtotal	<u>1,974,379</u>				
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)	<u>191,440</u>	-	-	-	-
Subtotal	<u>2,516,487</u>				
	<u>\$ 4,490,866</u>				
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	<u>13,032</u>	-	-	-	-
	<u>\$ 4,461,603</u>				

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

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

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

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

Non-derivative financial instruments

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

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

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

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

5) There were no transfers from one level to another of the Group for the years ended December 31, 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	118,673
Balance on December 31, 2023	\$ 497,183
Balance on January 1, 2022	\$ 386,384
Total gains and losses recognized:	
In other comprehensive income	52,302
Proceeds of capital reduction of investment	(60,176)
Balance on December 31, 2022	\$ 378,510

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 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:

	<u>2023</u>	<u>2022</u>
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”	\$ 118,673	52,302

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:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income — unquoted equity instruments	Comparable transaction method	· Lack-of-Marketability discount rate (10%~35% and 20%~35%, respectively, on December 31, 2023 and 2022)	· The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
"	"	· Price-Book ratio (0.62~1.79 and 0.73~2.6, respectively, on December 31, 2023 and 2022)	· The higher the multiple is, the higher the fair value will be.
"	"	· EV/SALES (0.88~1.82 and 0.9~2.18, respectively, on December 31, 2023 and 2022)	"
"	"	· EV/EBITDA (7.97~17.01 and 4.30~9.99, respectively, on December 31, 2023 and 2022)	· The higher the EBITDA multiple is, the higher the fair value will be.
"	Net asset value method	· Net Asset Value	· Not applicable

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

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

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		Move up or	Other comprehensive income	
	Input	down	Favorable change	Unfavorable change
December 31, 2023				
Financial assets at fair value through other comprehensive income	Lack-of-Marketability discount rate	5%	\$ <u>6,357</u>	<u>(6,343)</u>
"	Price-to-Book Ratio	5%	\$ <u>3,604</u>	<u>(3,600)</u>
"	EV/SALES	5%	\$ <u>522</u>	<u>(521)</u>
"	EV/EBITDA	5%	\$ <u>14,126</u>	<u>(14,122)</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>

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

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the control and oversight of the risk management framework. The financial department proposes the evaluation plan and benefit analysis and reports to management for approving. The transactions are authorized to the chairman of the Company to operate, and will be approved by the Board of Directors at the most recent board meeting.

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SHAN-LOONG TRANSPORTATION CO., LTD. AND SUBSIDIARIES
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The internal auditors of the Group perform the regularly or irregularly risk management control and operating activity audit in accordance with the internal audit plans. The result will be reported to the Audit Committee periodically. The Group has no transactions in financial instruments for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash at bank, receivables from customers and investments in securities.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

In order to mitigate account receivable credit risk, the Group constantly assesses the financial status of the customers, and requests the customers to provide guarantee or security if necessary. The Group regularly accesses the collectability of accounts receivable and recognizes allowance for accounts receivable. The impairment losses are always within management's expectation.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, corporate organization and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantee to the entities listed in the policies. As of December 31, 2023 and 2022, the Group did not provide any guarantees to other companies besides its subsidiaries.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities to ensures they are in compliance with the terms of loan agreements.

The loans and borrowings from the bank form an important source of liquidity for the Group. Please refer to note 6(i) and 6(j) for the unused credit lines of short-term and long-term loans as of December 31, 2023 and 2022.

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(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, cost of goods sold, and expenses that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD, CNY and VND. The currencies used in these transactions are the NTD, USD, CNY and VND.

As for other monetary assets and liabilities denominated in other foreign currencies, when short-term imbalance takes place and the amount is significant, the Group buys or sells foreign currencies at spot rate to ensure that the net exposure is kept on an acceptable level.

2) Interest rate risk

The subsidiaries of the Group borrow funds on floating interest rate, therefore, the Group has the risk of cash flow.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in listed stock investments and non-listed stock investments. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments. The material investments of investment portfolio are managed individually and their purchase decision are all approved by the finance department.

(t) Capital management

The policy of capital management made by the Board of Directors is to maintain a strong capital base so as to stabilize the confidence of the investors, creditors and the public market and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shares.

The Group monitors capital structure through the regular review of the asset-debt ratio. As of December 31, 2023 and 2022, the debt ratios of the Group were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 5,868,861	4,772,402
Total assets	10,953,196	9,781,308
Debt-to-asset ratio	53 %	49 %

As of December 31, 2023, there were no changes in the Group's approach of capital management.

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(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 years ended December 31, 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	December 31, 2023
Short-term borrowings	\$ 40,000	(40,000)	-	-
Long-term borrowings	1,479,000	571,000	-	2,050,000
Guarantee deposits	13,032	(728)	-	12,304
Lease liabilities	993,635	(225,616)	78,701	846,720
Total liabilities from financing activities	<u>\$ 2,525,667</u>	<u>304,656</u>	<u>78,701</u>	<u>2,909,024</u>

	January 1, 2022	Cash flows	Non-cash changes Changes in lease payments and others	December 31, 2022
Short-term borrowings	\$ 40,000	-	-	40,000
Long-term borrowings	1,274,700	204,300	-	1,479,000
Guarantee deposits	18,262	(5,230)	-	13,032
Lease liabilities	1,099,548	(227,800)	121,887	993,635
Total liabilities from financing activities	<u>\$ 2,432,510</u>	<u>(28,730)</u>	<u>121,887</u>	<u>2,525,667</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Cheng Loong Corporation (Cheng Loong)	This Company is the corporate director of the Company
Shine Far Construction Co., Ltd.	This Company is the corporate director of the Company

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Name of related party	Relationship with the Group
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
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

(Continued)

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

(b) Significant transactions with related parties

(i) Sales

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

	Sales	
	2023	2022
Other related parties — Cheng Loong	\$ 1,386,393	1,451,481
Other related parties	503,606	467,959
Associates	875	226
	\$ 1,890,874	1,919,666

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

(ii) Receivables from related parties

The receivables from related parties were as follows:

Account	Related-party categories	December 31, 2023	December 31, 2022
Accounts receivables	Other related parties — Cheng Loong	\$ 220,512	227,318
Accounts receivables	Other related parties	67,799	60,759
Accounts receivables	Associates	59	23
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	319	360
		\$ 288,689	352,074

(iii) The costs and expenses paid to related parties

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

Account	Relationship	2023	2022
Operating costs and operating expenses	Other related parties	\$ 139,929	48,093
"	Associates	77,289	7,228
		\$ 217,218	55,321

As of December 31, 2022, the Group paid freight to other related parties in advance in the amount of \$10,000, which was recorded as other current assets.

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

(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	
	2023	2022
Other related parties	\$ -	1,235
Associates	31,486	26,669
	\$ 31,486	27,904

- 2) The associates provided system integration development services to the Group at the amounts of \$44,625 and \$38,843 for the years ended December 31, 2023 and 2022, respectively. Since the development project has not been fully completed, the cumulative amounts of \$18,193 and \$38,843 as of December 31, 2023 and 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	December 31, 2023	December 31, 2022
Accounts payable	Other related parties	\$ 2,971	15,922
Other payables	Other related parties	1,559	362
"	Associates	148	2,057
		\$ 4,678	18,341

(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	
	December 31, 2023	December 31, 2022	2023	2022
Other related parties — Cheng Loong	\$ 6,220	49,702	257	586

(Continued)

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

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	
	2023	2022	December 31, 2023	December 31, 2022
Other related parties	\$ -	923	-	-

(vii) Service revenue

For the year ended December 31, 2022, the Group signed an agreement with its associates to provide management and technical services. The income recognized as a result of the above services was \$9,000, which was recorded as other income, and the above amount had been received as of December 31, 2022.

(viii) 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:

	2023	2022
Short-term employee benefits	\$ 60,206	52,296
Post-employment benefits	633	312
	<u>\$ 60,839</u>	<u>52,608</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Property, plant and equipment—land	Long-term borrowings	\$ 90,562	90,562
Property, plant and equipment—buildings	"	10,494	12,222
Refundable deposits (deposit certificate, recorded as other non-current assets)	Deposits for performance guarantee	52,109	46,235
		<u>\$ 153,165</u>	<u>149,019</u>

(Continued)

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

(9) Significant commitments and contingencies:

- (a) As of December 31, 2023 and 2022, the Group's unrecognized contractual commitments for gas station engineering, office renovation and computer information system amounted to \$43,612 and \$28,597, respectively.
- (b) As of December 31, 2023 and 2022, the Group had outstanding stand-by letters of credit provided by the banks totaling \$2,089,153 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	2023			2022		
		Operating cost	Operating Expenses	Total	Operating cost	Operating Expenses	Total
Employee benefits							
Salary		365,772	600,322	966,094	420,118	665,498	1,085,616
Labor and health insurance		32,019	69,273	101,292	38,065	67,782	105,847
Pension		13,692	37,076	50,768	21,355	33,357	54,712
Others		1,202	24,576	25,778	2,986	23,505	26,491
Depreciation		175,113	282,791	457,904	207,308	278,616	485,924
Amortization		-	10,368	10,368	-	-	-

- (b) 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 automobile maintenance, etc. However, both counterparties breached their agreements. Therefore, the Company filed two separate lawsuits against Hong-Fa and Heng-An in the Taiwan New Taipei District Court in June 2023 for damages for non-performance of the obligations.

The Company agreed with Hong Fa and Heng An on November 20 and December 20, 2023, respectively, to cease the litigation and shall report to the Court within four months after the cessation of the litigation. As of the financial reporting date, the Company assessed that the above-mentioned litigation has not yet had any material effects on the Group's finances and business.

(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 year ended December 31, 2023.

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

- (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	2,443,229	150,000	150,000	-	-	3.07 %	4,886,457	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.

- (iii) Securities held as of December 31, 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				Highest balance during the year		Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
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	576,440	1.75%	576,440	19,376	1.75 %	
"	Gemtech Optoelectronics Corp. stock	The relationship between the chairman of the Company and of this company is within second degree of kinship	"	3,644	66,575	19.29%	66,575	3,644	19.29 %	
"	Cheng Loong Investment Co., Ltd. stock	-	"	600	27,881	4.62%	27,881	600	4.62 %	
"	Shin Loong Lifecare Corp. stock	-	"	350	2,646	5.83%	2,646	350	5.83 %	
"	Yueh Loong Co., Ltd. stock	-	"	323	8,088	10.78%	8,088	323	10.78 %	
"	Shine Far Co., Ltd. stock	-	"	270	11,400	0.87%	11,400	270	0.87 %	
Shan Loong Investment Co., Ltd.	Stocks: Cheng Loong Corporation stock	-	Non-current financial assets at fair value through other comprehensive income	31,819	946,606	2.87%	946,606	31,819	2.87 %	
"	Shan Loong Transportation Co., Ltd. stock	Parent company	"	1,353	40,604	0.99%	40,604	1,353	0.99 %	Note 1
"	Cheng Loong Investment Co., Ltd. stock	-	"	1,200	55,700	9.23%	55,700	1,200	9.23 %	
"	Yueh Loong Co., Ltd. stock	-	"	29	715	0.95%	715	29	0.95 %	

(Continued)

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

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest balance during the year		Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
Shan Loong Customs Broker	Stocks: Cheng Loong Corporation stock	-	Non-current financial assets at fair value through other comprehensive income	7,155	212,862	0.65%	212,862	7,155	0.65 %	
Shan-Loong International	Chung Loong Paper Holdings Limited	-	"	1,339	324,178	5.00%	324,178	1,339	5.00%	

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
- (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	1,233,337	(7.92)%	20-80 days	There is no difference to those of the third-party	No difference	Accounts receivable 207,439	29.55%	Note 1
Shan Loong Motorsd.	The Company	Parent company	Revenue from truck sales, maintenance and repair	(328,711)	(67.20)%	25 days	"	"	Accounts receivable 44,274	31.40%	
Shan-Loong Customs Broker	Cheng Loong	Cheng Loong is the corporate director of the Company	Customs agent revenue	(153,043)	(54.66)%	60 days	"	"	Accounts receivable 13,073	29.45%	
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	(253,223)	(59.47)%	60 days	"	"	Accounts receivable 33,637	62.84%	

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

(Continued)

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

(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	207,439	5.87	-		Accounts receivable 207,439	-

Note 1: Information as of February 27, 2024.

(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)				Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms		
1	Shan Loong Motors	The Company	2	Operating revenue	328,711	The selling price and payment conditions are not significantly different from other customers		1.17%
1	Shan Loong Motors	The Company	2	Accounts receivable	44,274	The selling price and payment conditions are not significantly different from other customers		0.40%

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.

(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)	Highest balance during the year		Note
				December 31, 2023 (Note 1)	December 31, 2022 (Note 1)	Shares	Percentage of ownership	Carrying value (Note 1)			Shares	Percentage of ownership	
The Company	Shan-Loong Investment	New Taipei City	Investing activities	400,000	400,000	40,000	100.00%	1,021,119	34,025	31,859	40,000	100.00 %	Subsidiary company (Note3)
The Company	Shan Loong Customs Broker	Keelung	Import and export agent services	131,000	131,000	13,100	100.00%	337,429	17,013	17,013	13,100	100.00 %	"
The Company	Shan-Loong International	British Virgin Islands	Investing activities	308,493 (USD10,047 thousand)	308,493 (USD10,047 thousand)	10,047	100.00%	933,708	50,438	50,438	10,047	100.00 %	"
The Company	Shan Loong Motors	New Taipei City	Truck repair, maintenance and sales	270,000	200,000	27,000	100.00%	302,253	23,455	20,852	27,000	100.00 %	"
The Company	Ko Loong Industry	New Taipei City	Synthetic resin and plastic manufacturing	31,265	28,655	2,134	20.92%	70,487	342	74	2,134	20.92 %	-
								<u>2,664,996</u>		<u>120,236</u>			

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

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)	Highest balance during the year		Note
				December 31, 2023 (Note 1)	December 31, 2022 (Note 1)	Shares	Percentage of ownership	Carrying value (Note 1)			Shares	Percentage of ownership	
Shan-Loong International	Long Yun	Samoa	Investing activities	25,209 (USD821 thousand)	25,209 (USD821 thousand)	821	100.00%	229,718	(385)	Investment gains and losses recognized by its parent company	821	100.00 %	Subsidiary company (Note3)
Shan-Loong International	Loong De	Samoa	Investing activities	31,319 (USD1,020 thousand)	31,319 (USD1,020 thousand)	1,020	100.00%	78,835	18,666	"	1,020	100.00 %	"
Loong De	Shan-Loong Logistics Co., Ltd.	Vietnam	Warehousing, freight transportation and related agent	31,319 (USD1,020 thousand)	31,319 (USD1,020 thousand)	-	51.00%	46,938	36,030	"	-	51.00 %	"

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	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	Highest 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)	177,536 (USD 5,782 thousand)	-	-	177,536 (USD 5,782 thousand)	-%	-%	-	-	-	-
Shanghai Shan Tong	Warehousing, freight transportation and related agent	21,635 (RMB5,000 thousand) (Note 7)	(Note1)	43,106 (USD812 thousand and RMB4,200 thousand)	-	-	43,106 (USD812 thousand and RMB4,200 thousand)	60.00%	60.00%	(623)	(374)	229,172	-
Loong Fu Paper (Kunsan) Co., Ltd.	Corrugated paper boxes, cardboard and paper products	307,050 (USD10,000 thousand)	(Note1)	34,236 (USD1,115 thousand)	-	-	34,236 (USD1,115 thousand)	5.00%	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Cheng Loong (Gwangtung) Paper Co., Ltd.	Cardboard, paper boxes, paper products and packing decoration printing	951,855 (USD31,000 thousand)	(Note1)	26,069 (USD849 thousand)	-	-	26,069 (USD849 thousand)	5.00%	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Zhangzhou Cheng Loong Paper Co., Ltd.	Cardboard, paper boxes and paper products	392,410 (USD12,780 thousand)	(Note1)	19,590 (USD638 thousand)	-	-	19,590 (USD638 thousand)	5.00%	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Qingdao Chung Loong Paper Co., Ltd.	Cardboard, paper boxes and paper products	(Note 8)	(Note1)	4,606 (USD150 thousand)	-	-	4,606 (USD150 thousand)	-%	-%	-	-	-	-
Tianjin Chung Loong Paper Co., Ltd.	Corrugated cardboard, paper boxes, paper pallets and paper products	(Note 8)	(Note1)	15,383 (USD501 thousand)	-	-	15,383 (USD501 thousand)	-%	-%	-	-	-	-

(Continued)

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	Highest 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)							
Suzhou Cheng Loong Paper Co., Ltd.	Cardboard	568,043 (USD18,500 thousand)	(Note1)	5,373 (USD175 thousand)	-	-	5,373 (USD175 thousand)	5.00%	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	414,518 (USD13,500 thousand)	(Note1)	5,189 (USD169 thousand)	-	-	5,189 (USD169 thousand)	5.00%	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Chengdu Cheng Loong Packing Products Co., Ltd.	Corrugated cardboard, paper boxes, paper pallets and paper products	124,232 (USD4,046 thousand)	(Note1)	3,838 (USD125 thousand)	-	-	3,838 (USD125 thousand)	5.00%	5.00%	(Note 4)	(Note 4)	(Note 4)	-
Henan Cheng Loong Packing Products Co., Ltd.	Corrugated cardboard and packaging products	306,743 (USD9,990 thousand)	(Note1)	12,865 (USD419 thousand)	-	-	12,865 (USD419 thousand)	5.00%	5.00%	(Note 4)	(Note 4)	(Note 4)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
347,791 (USD10,735 thousand and RMB4,200 thousand)	347,791 (USD10,735 thousand and RMB4,200 thousand)	2,931,874

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.

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

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

(d) Major shareholders:

Unit: shares

Shareholder's Name	Shareholding	Shares	Percentage
Cheng Loong Corporation		12,690,010	9.24 %
YE, CYONG-MIAO		9,863,000	7.18 %
Shine Far Co., Ltd.		8,367,944	6.09 %

(14) Segment information:

(a) General information

The Group has two reportable segments: freight segment and gas station segment. The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different marketing strategies. Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

- (i) Segment revenues included revenues from external customers and revenues from intersegment sales and transfers, which is pricing based on the market value.
- (ii) Operating segment profit or loss is measured based on profit or loss before tax and used as the basis for performance evaluation.
- (iii) The accounting policies of the operating segments are the same as those described in the significant accounting policies as stated in note (4).

(b) Information about reportable segments and their measurement and reconciliation

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

	2023				
	Freight segment	Gas station segment	Others	Reconciliation and elimination	Total
Revenues:					
Revenues from external customers	\$ 2,382,330	12,940,077	1,101,487	-	16,423,894
Intersegment revenues	-	193,752	345,784	(539,536)	-
Total revenues	<u>\$ 2,382,330</u>	<u>13,133,829</u>	<u>1,447,271</u>	<u>(539,536)</u>	<u>16,423,894</u>
Reportable segment profit (loss)	<u>\$ 78,222</u>	<u>193,566</u>	<u>82,463</u>	<u>(266,262)</u>	<u>87,989</u>
Depreciation	<u>\$ 161,780</u>	<u>221,584</u>	<u>82,554</u>	<u>(8,014)</u>	<u>457,904</u>
Reportable segment assets					<u>\$ 10,953,196</u>

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

	2022 (restated)				
	Freight segment	Gas station segment	Others	Reconciliation and elimination	Total
Revenues:					
Revenues from external customers	\$ 3,196,980	13,750,564	1,571,219	-	18,518,763
Intersegment revenues	-	230,446	416,419	(646,865)	-
Total revenues	<u>\$ 3,196,980</u>	<u>13,981,010</u>	<u>1,987,638</u>	<u>(646,865)</u>	<u>18,518,763</u>
Reportable segment profit (loss)	<u>\$ 107,718</u>	<u>312,258</u>	<u>125,798</u>	<u>(200,197)</u>	<u>345,577</u>
Depreciation	<u>\$ 179,745</u>	<u>234,041</u>	<u>77,294</u>	<u>(5,156)</u>	<u>485,924</u>
Reportable segment assets					<u>\$ 9,781,308</u>

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

(i) Revenue from external customers: Please refer to note (6)(p)

(ii) Non-current asset:

<u>Geographical information</u>	December 31, 2023	December 31, 2022
Taiwan	\$ 4,957,376	4,965,828
China	503	533
Vietnam	6,871	9,329
	<u>\$ 4,964,750</u>	<u>4,975,690</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other assets, excluding financial instruments and deferred tax assets.

(d) Information about major customers

The revenues from transactions with a single external customer amount to 10 percent or more of the operating revenues in the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
A customer of freight segment and gas station segment	<u>\$ 1,873,171</u>	<u>1,908,046</u>