Stock Code:2247

Pan German Universal Motors Ltd. and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2023 and 2022 and Independent Auditors' Review Report

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§Table of contents§

CONTENTS	PAGE	NO. OF NOTES
1. Cover Page	1	-
2. Table of Contents	2	-
3. Independent Auditors' Review Report	3	-
4. Consolidated Balance sheets	4	-
5. Consolidated Statements of Comprehensive Income	5	-
6. Consolidated Statements of Changes in Equity	6	-
7. Consolidated Statements of Cash Flows	7～8	-
8. Notes to the Consolidated Financial Statements		
(1) Company History	9	1
(2) Approval date and procedures of the financial statements	9	2
(3) New standards, amendments and interpretations adopted	9～11	3
(4) Summary of significant accounting policies	11～12	4
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12	5
(6) Explanation of significant accounts	13～28	6～23
(7) Related-party transactions	28～34	24
(8) Pledged assets	34	25
(9) Significant contingent liabilities and unrecognized commitments	35	26
(10) Losses due to major disasters	-	-
(11) Subsequent events	35	27
(12) Others	-	-
(13) Other disclosures	35～36, 39～44	28
1. Information on significant transactions		
2. Information on investees		
3. Information on investment in Mainland China		
4. Major shareholders		
(14) Segment Information	37～38	29

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Pan German Universal Motors Ltd.

Introduction

We have reviewed the consolidated financial statements of Pan German Universal Motors Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of September 30, 2023 and 2022, the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, and changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our review in accordance with the International Standard on Review Engagements No. 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2023 and 2022, its consolidated financial performance and its consolidated cash flows for the three months and nine months ended September 30, 2023 and 2022 in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche
Taipei, Taiwan
Republic of China

Shu-Lin Liu	Wen-Xiang Chen
Financial Supervisory Commission Approved-certified No.:Jin-Guan-Certificate No. 1050024633	Financial Supervisory Commission Approved-certified No.:Jin-Guan-Certificate No.1080321204

November 10, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Pan German Universal Motors Ltd. and Subsidiaries

Consolidated Balance Sheets

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

(In Thousands of New Taiwan Dollars)

		September 30, 2023		December 31, 2022		September 30, 2022	
Code	ASSETS	Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6 and 23)	$ 5,440,959	26	$ 7,464,171	33	$ 6,642,992	33
1136	Financial assets at amortized cost (Note 8, 23 and 25)	5,400	-	5,400	-	5,400	-
1150	Notes receivable, net (Note 9, 23 and 24)	402	-	7,118	-	4,088	-
1170	Accounts receivable, net (Note 9 and 22)	360,714	2	268,169	1	294,408	2
1180	Accounts receivable - related parties, net (Note 23 and 24)	84,269	-	83,716	-	78,788	1
1200	Other receivables (Note 23 and 24)	598,969	3	502,766	2	640,725	3
130X	Inventories (Note 10)	4,057,615	19	4,139,684	18	2,699,043	13
1421	Prepayments to suppliers (Note 24)	2,039,170	10	1,505,809	7	1,282,490	6
1470	Prepaid expenses and other current assets (Note 24)	112,608	-	85,635	1	63,579	-
11XX	Total current assets	12,700,106	60	14,062,468	62	11,711,513	58
	NON-CURRENT ASSETS						
1517	Non-current financial assets at fair value through other comprehensive income (Note 7 and 23)	16,260	-	13,213	-	-	-
1535	Non-current financial assets at amortized cost (Note 8, 23 and 25)	88,938	-	114,041	1	114,016	1
1600	Property, plant and equipment (Note 5, 12 and 24)	5,243,174	25	5,020,424	22	5,047,106	25
1755	Right-of-use assets (Note 13 and 24)	2,991,088	14	3,178,894	14	3,125,028	16
1821	Intangible assets (Note 24)	1,757	-	2,466	-	4,084	-
1840	Deferred income tax assets	32,655	-	34,064	-	38,144	-
1915	Prepayments for equipment (Note 24)	5,137	-	16,541	-	16,954	-
1920	Refundable deposits (Note 23)	99,338	1	97,554	1	96,123	-
1984	Other non-current financial assets (Note 23)	1,380	-	1,380	-	1,380	-
1995	Long-term prepaid expenses	25,624	-	27,517	-	27,910	-
15XX	Total non-current assets	8,505,351	40	8,506,094	38	8,470,745	42
1XXX	TOTAL	$ 21,205,457	100	$ 22,568,562	100	$ 20,182,258	100
Code	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Note 14 and 23)	$ 10,000	-	$ -	-	$ -	-
2130	Contract liabilities - current (Note 19 and 24)	3,704,516	17	4,477,958	20	3,396,125	17
2150	Notes payable (Note 15, 23 and 24)	9,313	-	4,674	-	10,575	-
2170	Accounts payable (Note 15 and 23)	89,819	-	44,308	-	42,117	-
2180	Accounts payable - related parties (Note 23 and 24)	388,185	2	991,504	4	334,043	1
2200	Other payables (Note 16, 23 and 24)	901,586	4	868,008	4	781,845	4
2230	Income tax payable	162,870	1	211,135	1	109,607	-
2280	Lease liabilities - current (Note 13 and 24)	363,960	2	366,859	2	361,203	2
2399	Other current liabilities	116,074	1	162,456	1	155,094	1
21XX	Total current liabilities	5,746,323	27	7,126,902	32	5,190,609	25
	NON-CURRENT LIABILITIES						
2550	Other non-current liabilities	32,322	-	12,039	-	12,039	-
2580	Lease liabilities – non-current (Note 13 and 24)	2,951,333	14	3,126,482	14	3,071,813	15
2640	Net defined benefit liability – non-current (Note 4)	60,572	-	71,969	-	89,416	1
25XX	Total non-current liabilities	3,044,227	14	3,210,490	14	3,173,268	16
2XXX	Total liabilities	8,790,550	41	10,337,392	46	8,363,877	41
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 18)						
3110	Common Stock	807,087	4	807,087	3	807,087	4
3200	Capital surplus	4,269,075	20	4,269,075	19	4,269,075	21
	Retained earnings						
3310	Appropriated as legal capital reserve	1,064,283	5	916,780	4	916,780	5
3350	Unappropriated earnings	6,252,913	30	6,216,679	28	5,815,830	29
3300	Total Retained earnings	7,317,196	35	7,133,459	32	6,732,610	34
3400	Other equities	21,549	-	21,549	-	9,609	-
3XXX	Total equity	12,414,907	59	12,231,170	54	11,818,381	59
	Total	$ 21,205,457	100	$ 22,568,562	100	$ 20,182,258	100

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

Pan German Universal Motors Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		For the three months ended September 30, 2023		For the three months ended September 30, 2022		For the nine months ended September 30, 2023		For the nine months ended September 30, 2022	
Code		Amount	%	Amount	%	Amount	%	Amount	%
4000	NET REVENUE (Note 19 and 24)	$ 13,149,038	100	$ 11,008,940	100	$ 40,539,372	100	$ 33,502,268	100
5000	COST OF REVENUE (Note 10, 20 and 24)	11,644,384	89	9,641,619	88	35,988,790	89	29,515,597	88
5900	GROSS PROFIT	1,504,654	11	1,367,321	12	4,550,582	11	3,986,671	12
	OPERATING EXPENSES (Note 17, 20 and 24)								
6100	Marketing	904,305	7	872,594	8	2,666,384	7	2,494,513	7
6200	General and administrative	55,198	-	59,080	-	183,686	-	169,597	1
6450	Expected credit losses (reversal gains) (Note 9 and 24)	356	-	245	-	781	-	(142)	-
6000	Total operating expenses	959,859	7	931,919	8	2,850,851	7	2,663,968	8
6500	OTHER GAINS AND LOSSES, NET (Note 20)	5,157	-	5,049	-	17,049	-	13,563	-
6900	INCOME FROM OPERATIONS	549,952	4	440,451	4	1,716,780	4	1,336,266	4
	NON-OPERATING INCOME AND EXPENSES								
7100	Interest income	2,038	-	2,122	-	18,761	-	5,875	-
7110	Rent income	1,149	-	1,022	-	3,306	-	2,826	-
7190	Other income (Note 24)	15,778	-	10,411	-	41,075	-	31,972	-
7510	Interest expense (Note 20 and 24)	(10,393)	-	(9,160)	-	(31,228)	-	(28,073)	-
7590	Miscellaneous disbursements	(372)	-	-	-	(372)	-	-	-
7000	Total non-operating income and expenses	8,200	-	4,395	-	31,542	-	12,600	-
7900	INCOME BEFORE INCOME TAX	558,152	4	444,846	4	1,748,322	4	1,348,866	4
7950	INCOME TAX EXPENSE (Note 4 and 21)	113,107	1	91,612	1	353,954	1	274,687	1
8200	NET INCOME	445,045	3	353,234	3	1,394,368	3	1,074,179	3
8500	TOTAL COMPREHENSIVE INCOME	$ 445,045	3	$ 353,234	3	$ 1,394,368	3	$ 1,074,179	3
	NET INCOME ATTRIBUTABLE TO:								
8610	Shareholders of the parent	$ 445,045	3	$ 353,234	3	$ 1,394,368	3	$ 1,074,179	3
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
8710	Shareholders of the parent	$ 445,045	3	$ 353,234	3	$ 1,394,368	3	$ 1,074,179	3
	EARNINGS PER SHARE (NT$, Note 21)								
9750	Basic earnings per share	$ 5.51		$ 4.38		$ 17.28		$ 13.31	
9850	Diluted earnings per share	$ 5.51		$ 4.38		$ 17.27		$ 13.31	

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

Pan German Universal Motors Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Nine Months Ended September 30, 2023 and 2022

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

		Capital Stock-Common Stock			Retained Earnings		Others	
Code		Shares (In Thousands)	Amount	Capital Surplus	Appropriated as legal capital reserve	Unappropriated Earnings	Remeasurement of defined benefit plans	Total Equity
A1	BALANCE, JANUARY 1, 2022	80,709	$ 807,087	$ 4,269,075	$ 792,834	$ 5,834,102	$ 9,609	$ 11,712,707
	2021 Appropriation of earnings							
B1	Appropriated as legal capital reserve	-	-	-	123,946	(123,946)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(968,505)	-	(968,505)
D1	Net income for the nine months ended September 30, 2022	-	-	-	-	1,074,179	-	1,074,179
Z1	BALANCE, SEPTEMBER 30, 2022	80,709	$ 807,087	$ 4,269,075	$ 916,780	$ 5,815,830	$ 9,609	$ 11,818,381
A1	BALANCE, JANUARY 1, 2023	80,709	$ 807,087	$ 4,269,075	$ 916,780	$ 6,216,679	$ 21,549	$ 12,231,170
	2022 Appropriation of earnings							
B1	Appropriated as legal capital reserve	-	-	-	147,503	(147,503)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(1,210,631)	-	(1,210,631)
D1	Net income for the nine months ended September 30, 2023	-	-	-	-	1,394,368	-	1,394,368
Z1	BALANCE, SEPTEMBER 30, 2023	80,709	$ 807,087	$ 4,269,075	$ 1,064,283	$ 6,252,913	$ 21,549	$ 12,414,907

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

Pan German Universal Motors Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code		For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 1,748,322	$ 1,348,866
A20010	Adjustments for:		
A20100	Depreciation expense	702,998	777,501
A20200	Amortization expense	3,867	5,098
A29900	Amortization of long-term prepaid expense	2,685	3,069
A20300	Expected credit losses (reversal gains)	781	(142)
A20900	Interest expense	31,228	28,073
A21200	Interest income	(18,761)	(5,875)
A21300	Dividend income	(1,743)	-
A29900	Lease Modification Gains	(230)	(73)
A22500	Gains on disposal of property, plant and equipment	-	(135)
A23700	Losses for market price decline and obsolete and slow-moving inventories (reversal gains)	713	(3,604)
A30000	Changes in operating assets and liabilities:		
A31130	Notes receivable	6,716	1,899
A31150	Accounts receivable	(93,317)	(38,286)
A31160	Accounts receivable from related parties	(562)	77,708
A31180	Other receivable	(96,203)	405,975
A31200	Inventories	846,415	815,683
A31230	Prepayments to suppliers	(533,361)	477,232
A31220	Long-term prepaid expenses	(792)	(132)
A31240	Prepaid expenses and other current assets	(27,919)	8,264
A32125	Contract liabilities	(773,442)	589,968
A32130	Notes payable	4,639	10,362
A32150	Notes payables to related parties	45,511	14,698
A32160	Accounts payables to related parties	(603,319)	(88,106)
A32180	Other payables	14,630	(20,849)
A32230	Other current liabilities	(46,382)	3,674
A32200	Increase in other non-current liabilities	20,283	-
A32240	Net defined benefit liability	(11,397)	(18,490)
A33000	Cash generated from operations	1,221,360	4,392,378
A33100	Interest received	19,707	6,200

(Continued)

(Previous)

Code		For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
A33300	Interest paid	($ 31,728)	($ 32,721)
A33500	Income tax returned (paid)	(400,810)	(352,348)
AAAA	Net cash generated by operating activities	808,529	4,013,509
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Financial assets at fair value through other comprehensive income	(3,047)	-
B00040	Acquisition of financial assets at amortized cost	(2,100,000)	-
B00050	Disposal of financial assets at amortized cost	2,125,103	-
B02700	Acquisition of property, plant and equipment	(1,342,583)	(1,668,841)
B02800	Proceeds from disposal of property, plant and equipment	-	460
B03800	Refundable deposits refunded	(1,784)	11,373
B04500	Acquisition of Intangible assets	(3,158)	(4,130)
B07100	Increase in prepaid equipment	(21,497)	(22,157)
B07600	Dividends received	1,743	-
BBBB	Net cash used in investing activities	(1,345,223)	(1,683,295)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	10,000	-
C04020	Repayment of the principal portion of lease liabilities	(285,887)	(277,124)
C04500	Cash dividends paid	(1,210,631)	(968,505)
CCCC	Net cash used in financing activities	(1,486,518)	(1,245,629)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,023,212)	1,084,585
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	7,464,171	5,558,407
E00200	CASH AND CASH EQUIVALENTS, END OF THE PERIOD	$ 5,440,959	$ 6,642,992

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

Pan German Universal Motors Ltd. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Nine months ended September 30, 2023 and 2022

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. COMPANY HISTORY

History of the parent company and its business scope

Pan German Universal Motors Ltd. ("Pan German Universal Co." or the "Company"), a Republic of China (R.O.C.) corporation, was incorporated in 1979. The Company is a dedicated foundry in the vehicle and parts & accessories sales, after-sales maintenance and repair service.

On October 12, 2020, the Company's shares were listed on the Taiwan Stock Exchange (TWSE).

History of the subsidiary and its business scope

Jet-Li Motors Ltd. ("Jet-Li Co."), a Republic of China (R.O.C.) corporation, was incorporated in 2010. Jet-Li Co. is a dedicated foundry in the vehicle and parts & accessories sales, after-sales maintenance and repair service.

The Consolidated Financial Statements were expressed in the functional currency, New Taiwan Dollars, of the Company.

2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on November 10, 2023.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except explained as follows, the initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Group's accounting policies.

a. Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments to IAS 1 require the Group to disclose their material accounting policy information against the concept of materiality. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose of consolidated financial statements to make decision on the basis of those financial statements. The amendments clarify that:

- accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.
- accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.
- not all accounting policy information relating to material transactions, other events or conditions is itself material.

Accounting policy information may be expected to be material if it relates to material transactions, other events or conditions and:

(a) the Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements；

(b) the Group chose the accounting policy from one or more options permitted by IFRSs；

(c) the accounting policy was developed in accordance with IAS 8 ” Accounting Policies, Changes in Accounting Estimates and Errors” in absence of an IFRS that specifically applies；

(d) the accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions；or

(e) the accounting required for them is complex and users of the Group’s financial statements would otherwise not understand those material transactions, other events or conditions.

Please refer to Note 4 for the disclosure of accounting policies.

b. Amendments to IAS 8 “Definition of Accounting Estimates”

The Group adopts the amendments since January 1, 2023, which indicate that accounting estimates as the monetary amounts in financial statements that are subject to measurement uncertainty. When the Group adopts accounting policies, the items in financial statements may be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group shall develop an accounting estimate to achieve the objective set out by the accounting policy. The effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors.

(2) The IFRSs issued by IASB and endorsed by the FSC to be effective in 2024

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Except specified otherwise, the abovementioned new, revised, or amended standards or interpretations are applicable since the annual reporting period beginning on or after the effective date per IASB.

Note 2: The amendments to IFRS 16 are retrospectively applicable to sale and lease back contracts signed by the seller-lessor after the first-adoption of IFRS 16.

Note3: An entity may apply the exception and disclose that it has applied the exception at first-time adoption of the amendments.

As of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on the financial position and financial performance from other standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Except specified otherwise, the abovementioned new, revised, or amended standards or interpretations are applicable since the annual reporting period beginning on or after the effective date per IASB.

Note 2: The amendments are applicable since the annual reporting period beginning on or after January 1, 2025. At first-time adoption of the amendments, the cumulative effects shall be recognized in the retained earnings at the first-adoption date. If the reporting currency of the consolidated company is not functional currency, the effects shall adjust the exchange differences on translation of foreign financial statements under equity at the first-adoption date.

As of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on the financial position and financial performance from the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

(4) Reclassification of presentation

To match the presentation of the consolidated balance sheets as of September 30, 2023, and the consolidated statements of cash flows for the nine months ended September 30, 2023, some items in the consolidated balance sheets as of September 30, 2022, the consolidated statements of cash flows for the nine months ended September 30, 2022, and the consolidated balance sheets as of December 31, 2022 are reclassified.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

(2) Basis of Preparation

The financial statements have been prepared based on historical cost except for the financial instruments measured at fair value and the defined benefit liability recognized by the present value of the defined benefit obligation minus the fair value of the plan assets.

(3) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and the individual entities (the subsidiaries) in control of the Company. The financial statements of the subsidiaries have been adjusted so that its accounting policy is in accordance with the Group. All intra-entity transactions, account balance, profit, and loss are eliminated in full when preparing the consolidated financial statements. The total consolidated comprehensive income of the subsidiaries is attributed to the owners of the Company and non-controlling interests even if it causes the deficit balance.

When the change of the Group’s and its subsidiary’s ownership interest of the subsidiaries does not cause loss of control, it is treated as an equity transaction. The carrying amounts of the Group and its subsidiaries and non-controlling interests have been adjusted to reflect the related change in interests of the subsidiaries. The differences between the adjusted amount of the non-controlling interests and the fair values of the paid or received considerations are directly recognized as equity and attributed to the owner of the Company.

For the detailed information about subsidiaries, including the percentage of ownership and main business, please refer to Note 11, and Table 5 as attached.

(4) Other Significant Accounting Policies

Aside from the explanations as follows, please refer to the Summary of Significant Accounting Policies in the consolidated financial statements for the year ended December 31, 2022.

a. Defined Benefits Post-Employment Benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

b. Income Tax Expense

Income tax expense is the sum of current income tax and deferred income tax. The interim period income tax expense is assessed based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period.

5. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

Aside from the changes in accounting estimates as follows, please refer to the significant accounting assumptions and judgments and major sources of estimation uncertainty in the consolidated financial statements for the year ended December 31, 2022.

Reasons and effect of changes in accounting estimates－property, plant and equipment

The depreciation of transportation equipment changed from fixed percentage of diminishing value method to straight-line method since January 1, 2023. The effect of the change in accounting estimates is treated prospectively.

The aforementioned change in depreciation method is for making the depreciation method of property, plant and equipment represents more faithfully the consumption pattern of the economic benefits. The change in accounting estimates increase the income before income tax for the nine months ended September 30, 2023 by NT$64,091 thousand.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and petty cash	$ 8,762	$ 6,143	$ 4,923
Cheque and current deposits	3,331,823	5,258,028	4,538,069
Cash equivalents (Investment maturity within 3 months)			
Time deposits	1,300,000	2,200,000	2,100,000
Repurchase securities	800,374	-	-
	$ 5,440,959	$ 7,464,171	$ 6,642,992

Interest rates of cash equivalents are listed below:

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits	1.09%~1.2%	0.82~0.95%	0.48%
Repurchase securities	1.1%	-	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

	September 30, 2023	December 31, 2022	September 30, 2022
Non-current			
Investments in equity instruments at FVTOCI			
Non-publicly traded equity investments			
Yung Shin Carleasing Ltd.	$ 6,924	$ 6,924	$ -
Union Capital Car Leasing Co., LTD.	9,336	6,289	-
	$ 16,260	$ 13,213	$ -

The Group invests common stocks of Yung Shin Carleasing Ltd. and Union Capital Leasing Co., LTD, as middle and long-term strategies, and expects to benefit from the long-term investment. Management of the Group considers that short-term fair value fluctuations of such investments in profit or loss are inconsistent with the aforementioned long-term investment planning. Therefore, management of the Group chose to designate such investments as measured at fair value through other comprehensive income.

8. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
Current			
Domestic Investment			
Limited-use time deposits	$ 5,400	$ 5,400	$ 5,400
Less: Loss allowance	-	-	-
	$ 5,400	$ 5,400	$ 5,400
Non-current			
Domestic Investment			
Limited-use time deposits	$ 88,938	$ 114,041	$ 114,016
Less: Loss allowance	-	-	-
	$ 88,938	$ 114,041	$ 114,016

As of September 30, 2023, December 31, 2022, and September 30, 2022, the annual interest rate for time deposits with an original maturity of more than 3 months ranges from 0.57%～1.565%, 0.1%～1.45%, and 0.1%～1.19%, respectively.

Please refer to Note 25 for financial assets at amortized cost pledged as collaterals.

9. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable, net (including related parties)			
Measurement at amortized costs			
Total carrying amount	$ 402	$ 7,118	$ 4,088
Accounts receivable, net			
Measurement at amortized costs			
Total carrying amount	$ 363,126	$ 269,981	$ 296,460
Less: loss allowance	(2,412)	(1,812)	(2,052)
	$ 360,714	$ 268,169	$ 294,408

On average, payment term of the sale of goods is 60 days after monthly settlement, and no interest is accrued on accounts receivable. The Group's policy is to evaluate major customer by adoption of historical transaction records, and review the recoverable amount of receivables on by one on the balance sheet date to ensure that the loss allowances of receivables that cannot be recovered are appropriately provided. Accordingly, management of the Group believes that the credit risk of the Group has been significantly reduced.

Except the loss allowances of the accounts receivables from specific customers are provided when there is significant indication of impairment, the Group recognizes the loss allowance for accounts receivable based on lifetime expected credit losses. The Group uses a provision matrix as a methodology for measuring the lifetime expected credit loss, which considers the customers' default records and current financial status. According to the historical of credit loss data, there is no significant difference in the loss patterns between different customer groupings. Thus, the Group uses the same provision matrix for groupings and apply different expected loss rate depending on the number of days that the accounts receivables are past due.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, such as the counterparty is in liquidation, the Group directly writes off the relevant accounts receivables, but will continue recourse actions, and the recovered amount will be recognized in profit or loss when available.

All of the Group’ s notes receivables are not past due, and the Group uses a provision matrix for measurement of the expected credit loss for accounts receivables as follows:

September 30, 2023

	Within maturity	Overdue for 1～60 days	Overdue for more than 61 days	Individual assessment	Total
Expected Credit Loss Rate	0.5%	1.00%	1.00%		
Total Carrying Amount	$ 292,177	$ 51,215	$ 19,463	$ 271	$ 363,126
Loss allowance (Lifetime expected credit loss)	(1,461)	(512)	(195)	(244)	(2,412)
At amortized cost	$ 290,716	$ 50,703	$ 19,268	$ 27	$ 360,714

December 31, 2022

	Within maturity	Overdue for 1～60 days	Overdue for more than 61 days	Individual assessment	Total
Expected Credit Loss Rate	0.50%	1.00%	1.00%		
Total Carrying Amount	$ 226,941	$ 35,029	$ 7,734	$ 277	$ 269,981
Loss allowance (Lifetime expected credit loss)	(1,135)	(350)	(77)	(250)	(1,812)
At amortized cost	$ 225,806	$ 34,679	$ 7,657	$ 27	$ 268,169

September 30, 2022

	Within maturity	Overdue for 1～60 days	Overdue for more than 61 days	Individual assessment	Total
Expected Credit Loss Rate	0.50%	1.00%	1.00%		
Total Carrying Amount	$ 242,768	$ 45,483	$ 7,930	$ 279	$ 296,460
Loss allowance (Lifetime expected credit loss)	(1,267)	(455)	(79)	(251)	(2,052)
At amortized cost	$ 241,501	$ 45,028	$ 7,851	$ 28	$ 294,408

Changes in loss allowances of accounts receivables are listed below:

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Balance, beginning of the period	$ 1,812	$ 1,699
Plus : impairment losses provided	772	353
Less: write-offs	(172)	-
Balance, end of the period	$ 2,412	$ 2,052

10. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Vehicles	$ 3,464,225	$ 3,630,666	$ 2,190,889
Parts and accessories	593,390	509,018	508,154
	$ 4,057,615	$ 4,139,684	$ 2,699,043

Costs of sales related to inventories are NT$11,644,384 thousand, NT$9,641,619 thousand, NT$35,988,790 thousand, and NT$29,515,597 thousand and the costs of sales including gains from price and liquidity recoveries of inventory (Losses for market price decline and obsolete and slow-moving inventories) are NT$1,273 thousand, NT$1,476 thousand, NT$(713) thousand and NT$3,604 thousand for the three months and nine months ended September 30, 2023 and 2022, respectively. The gains from price and liquidity recoveries of inventory resulted from selling part of the inventories with longer age and decreasing the losses for market price decline.

As of September 30, 2023, December 31, 2022 and September 30, 2022, allowances for reduction of parts inventories to market are NT$10,828 thousand, NT$10,115 thousand, and NT$11,408 thousand, respectively.

11. SUBSIDIARY

Subsidiary included in the consolidated financial statements

The entity included in the consolidated financial statements is as follows:

			Percentage of ownership		
Investor Company	Investee	Main business and products	September 30, 2023	December 31, 2022	September 30, 2022
Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	Transactions of vehicles, parts, and accessories, and provide maintenance and repair service.	100%	100%	100%

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Furniture and Fixtures	Lease Improvement	Property under Construction	Total
Cost								
Balance at January 1, 2023	$ 928,019	$ 2,536,000	$ 324,645	$ 719,400	$ 291,399	$ 1,384,247	$ 750,574	$ 6,934,284
Additions	-	73,341	26,328	1,094,023	18,543	4,759	144,536	1,361,530
Disposals	-	(897)	(23,382)	-	(21,647)	(11,373)	-	(57,299)
Reclassifications	-	786,134	29,598	(927,354)	82,724	80	(863,496)	(892,314)
Balance at September 30, 2023	$ 928,019	$ 3,394,578	$ 357,189	$ 886,069	$ 371,019	$ 1,377,713	$ 31,614	$ 7,346,201

(Continued)

(Previous)

	Land	Buildings	Machinery Equipment	Transportation Equipment	Furniture and Fixtures	Lease Improvement	Property under Construction	Total
Accumulated depreciation								
Balance at January 1, 2023	$ -	$ 852,331	$ 197,878	$ 145,878	$ 184,393	$ 533,380	$ -	$ 1,913,860
Depreciation expenses	-	142,104	33,480	108,676	39,813	84,828	-	408,901
Disposals	-	(897)	(23,382)	-	(21,647)	(11,373)	-	(57,299)
Reclassifications	-	-	-	(162,435)	-	-	-	(162,435)
Balance at September 30, 2023	$ -	$ 993,538	$ 207,976	$ 92,119	$ 202,559	$ 606,835	$ -	$ 2,103,027
Balance at September 30, 2023 (net)	$ 928,019	$ 2,401,040	$ 149,213	$ 793,950	$ 168,460	$ 770,878	$ 31,614	$ 5,243,174
Balance at December 31, 2022 and January 1, 2023 (net)	$ 928,019	$ 1,683,669	$ 126,767	$ 573,522	$ 107,006	$ 850,867	$ 750,574	$ 5,020,424
Cost								
Balance at January 1, 2022	$ 752,355	$ 2,533,112	$ 321,077	$ 836,896	$ 295,471	$ 1,462,065	$ 288,665	$ 6,489,641
Additions	175,664	2,888	9,952	1,013,101	5,749	3,103	365,042	1,575,499
Disposals	-	-	(30,733)	(2,123)	(29,863)	(31,167)	(260)	(94,146)
Reclassifications	-	-	5,902	(1,034,857)	3,917	303	17,992	(1,006,743)
Balance at September 30, 2022	$ 928,019	$ 2,536,000	$ 306,198	$ 813,017	$ 275,274	$ 1,434,304	$ 671,439	$ 6,964,251
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 681,161	$ 198,513	$ 142,224	$ 170,321	$ 522,901	$ -	$ 1,715,120
Depreciation expenses	-	128,289	29,038	207,924	38,241	98,514	-	502,006
Disposals	-	-	(30,733)	(2,057)	(29,863)	(31,168)	-	(93,821)
Reclassifications	-	-	-	(206,160)	-	-	-	(206,160)
Balance at September 30, 2022	$ -	$ 809,450	$ 196,818	$ 141,931	$ 178,699	$ 590,247	$ -	$ 1,917,145
Balance at September 30, 2022 (net)	$ 928,019	$ 1,726,550	$ 109,380	$ 671,086	$ 96,575	$ 844,057	$ 671,439	$ 5,047,106

The amounts of reclassification for the nine months ended September 30, 2023 and 2022 are mainly transferring prepayments for equipment to inventories, and transferring transportation equipment to inventories. Please refer to Note 13 and 20 for the amount eligible for costs of assets included in the reclassification of property under construction.

As there is no indication of impairment for the nine months ended September 30, 2023 and 2022, the Group did not evaluate for impairment.

Except the property, plant and equipment were depreciated by fixed percentage of diminishing value method before December 31, 2022; others were depreciated by straight-line method. However, as the depreciation of transportation equipment is changed from fixed percentage of diminishing value method to straight-line method since 2023, the Group depreciates property, plant and equipment by on a straight-line basis over the useful lives as follows since January 1, 2023:

Buildings and structures	
Significant part of the building and decorations	5 to 51 years
Water, electrical and communication engineering	3 to 18.5 years
Machinery equipment	2 to 13 years
Transportation equipment	5 to 6 years
Furniture and fixtures	2 to 15 years
Lease improvement	1 to 18 years

13. LEASE AGREEMENTS

(1) Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts of right-of-use assets			
Land	$ 2,089,725	$ 2,148,330	$ 2,154,858
Buildings	901,363	1,030,564	970,170
	$ 2,991,088	$ 3,178,894	$ 3,125,028

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Additions to right-of-use assets			$ 114,989	$ 322,170
Depreciation of right-of-use assets				
Land	$ 40,415	$ 39,025	$ 120,243	$ 116,917
Buildings	58,318	59,117	175,632	174,579
Capitalization under property, plant and equipment	-	(5,334)	(1,778)	(16,001)
	$ 98,733	$ 92,808	$ 294,097	$ 275,495

Aside from the aforementioned additions and depreciation expenses recognized, there is no significant sublease and impairment of the right-of-use assets of the Group for the nine months ended September 30, 2023 and 2022.

(2) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts of lease liabilities			
Current portion	$ 363,960	$ 366,859	$ 361,203
Non-current portion	$ 2,951,333	$ 3,126,482	$ 3,071,813

Ranges of discount rates for lease liabilities are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	1.05%-1.30%	1.05%-1.30%	1.05%-1.30%
Buildings	1.05%-1.30%	1.05%-1.30%	1.05%-1.30%

(3) Other lease information

For the nine months ended September 30, 2023 and 2022, the amounts of right-of-use assets have decreased by NT$6,920 thousand and NT$2,295 thousand, respectively, and the amounts of lease liabilities have decreased by NT$7,150 thousand and NT$2,368 thousand, respectively, because of modification of lease term.

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Short-term lease expenses	$ 4,582	$ 4,359	$ 15,139	$ 13,629
Total cash (outflows) for leases			($ 332,755)	($ 323,443)

As the Group elects to adopt recognition exemption to short-term leases, right-of-use assets and lease liabilities are not recognized for the leases.

Total cash outflows for leases include repayment of the principal portion of lease liabilities, lease interest paid (including capitalized interests) and short-term lease expenses.

14. SHORT-TERM BORROWINGS

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured borrowings			
Borrowings by credit lines	$ 10,000	$ -	$ -

The interest rate of the unsecured bank loans is 1.59% as of September 30, 2023.

15. NOTES AND ACCOUNTS PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Notes payables (including related parties)	$ 9,313	$ 4,674	$ 10,575
Accounts payables	89,819	44,308	42,117
	$ 99,132	$ 48,982	$ 52,692

Notes and accounts payables are mainly related to payments to suppliers.

16. OTHER PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Wages and salaries payable	$ 526,841	$ 493,556	$ 472,657
Equipment payable	73,280	54,333	18,533
Employees and directors compensation payable	18,220	20,720	13,500
Rents payable	4,910	1,369	4,375
Other payable	278,335	298,030	272,780
	$ 901,586	$ 868,008	$ 781,845

17. RETIREMENT BENEFIT PLANS

Pension expenses of defined benefit plans for the three months and nine months ended September 30, 2023 and 2022 are recognized by using the pension cost rate derived from the actuarial valuation at December 31, 2022 and 2021, which amounted to NT$274 thousand, NT$158 thousand, NT$822 thousand and NT$475 thousand, respectively.

18. EQUITY

(1) Capital stock

Common Stocks

	September 30, 2023	December 31, 2022	September 30, 2022
Authorized shares (thousand)	100,000	100,000	100,000
Authorized capital	$ 1,000,000	$ 1,000,000	$ 1,000,000
Issued and paid shares (thousand)	80,709	80,709	80,709
Issued capital	$ 807,087	$ 807,087	$ 807,087

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

(2) Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Additional paid-in capital	$ 3,916,244	$ 3,916,244	$ 3,916,244
From difference between the consideration received and the carrying amount of the subsidiary's net assets during actual disposal	352,831	352,831	352,831
	$ 4,269,075	$ 4,269,075	$ 4,269,075

Note: If such capital surplus is distributed as transferred to cash dividends or to share capital, it is limited to a certain percentage of the Group's paid-in capital each year.

(3) Retained earnings and dividend policy

In accordance with the earnings distribution policy regulated in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting accumulated losses of previous year, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulation, any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which shall be resolved in the shareholder's meeting for distribution of dividends and bonus to shareholders. The Company has authorized the aforementioned distributable dividends and bonuses or legal reserve and capital reserve may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition, there to a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividend policy is based on profit situation, capital structure and future operation planning. The ratio of distribution of dividend shall not be less than 50% of the net income. If accumulated appropriations of earnings are less than 20% of the Company's paid-in capital, the Company will not distribute dividend. The Company adopts balanced dividend policy. The ratio of cash dividends shall bet be less than 10% of total dividends to shareholders. Please refer to Note 20(5) for the employees' and directors' compensation policy.

No allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Company. The legal reserve may be used for making good the deficit of the Company and being distributed by issuing new shares which shall be distributable as dividend shares or by cash, for the portion in excess of 25% of the paid-in capital, where the Company incurs no loss.

The earnings distribution proposals for 2022 and 2021 are as follows:

	Earnings distribution proposals		Dividends per share (NT$)	
	2022	2021	2022	2021
Legal capital reserve	$ 147,503	$ 123,946	$ -	$ -
Cash dividends	1,210,631	968,505	15	12

The distribution of cash dividends of 2022 has been resolved by the Board of Directors on March 24, 2023, and the earnings distribution proposal of 2021 has been resolved by the regular shareholders meeting on June 17, 2022. The other earnings distribution of 2022 has been determined at the shareholders' meeting on June 16, 2023.

(4) Other equity

There was no significant change in other equity for the nine months ended September 30, 2023 and 2022.

19. REVENUE

(1) Contract balance

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Contract liabilities – current				
Receipts in advance	$ 3,704,516	$ 4,477,958	$ 3,396,125	$ 2,806,157

(2) Classification of revenue from contracts with customers

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Types of goods or services				
Revenue from sale of cars	$11,892,468	$ 9,818,072	$36,976,917	$30,122,983
Revenue from rendering maintenance service	1,256,570	1,190,868	3,562,455	3,379,285
	$13,149,038	$11,008,940	$40,539,372	$33,502,268

20. NET INCOME

(1) Other gains and losses, net

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Gains from disposal of property, plant and equipment	$ -	$ -	$ -	$ 135
Revenue from warranty extension	5,157	5,049	17,049	13,428
	$ 5,157	$ 5,049	$ 17,049	$ 13,563

(2) Financial cost

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Interest expenses of bank loans	$ -	$ 5	$ -	$ 5
Interest expenses of lease liabilities	10,393	10,681	31,729	32,690
Less: amount eligible for capitalization	-	(1,526)	(501)	(4,622)
	$ 10,393	$ 9,160	$ 31,228	$ 28,073

Information on capitalized interest is as follows:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Amount of capitalized interest	$ -	$ 1,526	$ 501	$ 4,622
Interest rate of capitalized interest	-	1.3%	1.3%	1.3%

(3) Depreciation and amortization

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Depreciation expenses				
Property, plant and equipment	$ 150,969	$ 169,316	$ 408,901	$ 502,006
Right-of-use assets	98,733	92,808	294,097	275,495
	249,702	262,124	702,998	777,501
Amortization expenses				
Software	1,199	1,789	3,867	5,098
Long-term prepaid expenses	830	962	2,685	3,069
	2,029	2,751	6,552	8,167
Total depreciation and amortization expenses (under operating expenses)	$ 251,731	$ 264,875	$ 709,550	$ 785,668

(4) Employee Benefits Expenses

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Retirement benefits (Note 17)				
Defined contribution plans	$ 19,378	$ 17,081	$ 55,598	$ 51,415
Defined benefit plans	274	158	822	475
Other employee benefits	522,914	518,947	1,653,622	1,454,919
Total employee benefits expenses	$ 542,566	$ 536,186	$ 1,710,042	$ 1,506,809
Employee benefits expenses summarized by function				
Recognized in cost of revenue	$ 46,593	$ 47,256	$ 137,113	$ 139,330
Recognized in operating expenses	495,973	488,930	1,572,929	1,367,479
	$ 542,566	$ 536,186	$ 1,710,042	$ 1,506,809

(5) Employees' and directors' compensation

According to the Company's Articles of Incorporation, the Company shall allocate compensation to employees and directors no less than 0.1% and no higher than 3% of annual pre-tax profit before deducting employees' and directors' compensation. The accrued employees' and directors' compensations for the nine months ended September 30, 2023 and 2022 are as follows:

Accrued ratio

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Employees' compensation	0.1%	0.1%
Directors' compensation	0.92%	0.89%

Amount

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Employees' compensation	$ 564	$ 449	$ 1,766	$ 1,362
Directors' compensation	$ 5,436	$ 4,051	$ 16,234	$ 12,138

If there is any change in the amounts after the date of the consolidated financial statements authorized for issue, it shall be treated as change in accounting estimates, and recognized in the next year.

The employees' and directors' compensations for 2022 and 2021 have been resolved by the Board of Directors on March 24, 2023 and March 23, 2022, respectively, as follows:

	2022	2021
	Cash	Cash
Employees' compensation	$ 2,070	$ 1,780
Directors' compensation	18,000	15,500

The amounts of actual distribution of employees' and directors' compensations of 2022 and 2021 are the same as the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.
The information on the employees' and directors' compensation resolved by the Board of Directors in 2023 and 2022 is available at the Market Observation Post System website.

21. INCOME TAX

(1) Income tax recognized in profit or loss
Income tax expenses comprise the following:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Current income tax expense				
Current tax expense	$ 113,128	$ 91,104	$ 352,552	$ 272,939
Income tax adjustments to prior years	-	-	(7)	(3,742)
Deferred income tax				
Recognized in the current year	(21)	508	1,409	5,490
Income tax expense recognized in profit or loss	$ 113,107	$ 91,612	$ 353,954	$ 274,687

(2) Income tax verification
The tax authorities have verified income tax returns of the Company and Jet-Li Co. through 2021.

22. EARNINGS PER SHARE

Weighted average number of common shares for computation of earnings per share is as follows:

Net income

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Net income attributable to owners of the Company				
Net income used in computation of basic ／diluted EPS	$ 445,045	$ 353,234	$ 1,394,368	$ 1,074,179

Number of shares

Unit: thousands of shares

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Weighted average number of common shares outstanding used in the computation of basic EPS	80,709	80,709	80,709	80,709
Effects of all dilutive potential common shares:				
Employees' compensation	6	7	8	9
Weighted average number of common shares outstanding used in the computation of diluted EPS	80,715	80,716	80,717	80,718

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential share is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. FINANCIAL INSTRUMENTS

(1) Fair value information－financial instruments not measured at fair value

The financial instruments not measured at fair value held by the Group include limit-use time deposits and negotiable certificates of deposits, which are measured at amortized cost. The management of the Group considers that all the carrying amounts of the financial assets and financial liabilities that are not measured at fair value, are the reasonable approximations of fair value, or the fair value cannot be reliably measured.

(2) Fair value information－financial instruments at fair value on a recurring basis

a. Fair value hierarchy

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic unlisted stocks	$ -	$ -	$ 16,260	$ 16,260

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic unlisted stocks	$ -	$ -	$ 13,213	$ 13,213

b. Reconciliation of level 3 fair value measurement of financial assets

For the nine months ended September 30, 2023

Financial assets	Financial assets and equity instruments at FVTOCI
Balance, beginning of year	$ 13,213
Additions	3,047
Balance, end of year	$ 16,260

c. Valuation techniques and inputs of level 3 fair value measurement

The investments in domestic unlisted equity are measured by asset approach, which measures the fair value of the entire common stocks based on the balance sheets.

(3) Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets			
Financial assets at amortized cost (Note 1)	$ 6,680,369	$ 8,544,315	$ 7,877,920
Financial assets at FVTOCI	16,260	13,213	-
Financial liabilities			
Measured at amortized cost (Note 2)	848,932	1,392,849	678,048

Note 1: Balance of financial assets at amortized cost include cash and cash equivalents, financial assets at amortized cost, notes and accounts receivables, other receivables, refundable deposits, and other financial assets.

Note 2: Balance of financial liabilities at amortized cost includes short-term borrowings, notes payables, accounts payables, and other payables (excluding salary and bonus payables, rent payables, and employees' and directors' compensation payables).

(4) Financial risk management objectives and policies

Main financial instruments of the Group include cash and cash equivalents, financial assets at amortized cost, notes and accounting receivables (including related parties), other receivables from related parties, refundable deposits, other financial assets, notes and accounts payables (including related parties), other payables, short-term borrowings, and lease liabilities. The Group manages the exposure to financial risk related to operation. The financial risks include market risk (mainly from interest rate risk), credit risk, and liquidity risk.

Financial management department irregularly presents reports to the management team. The management team will monitor risks against its duties and provide corresponding strategies execution to reduce the potentially adverse effects.

a. Market risk

The primary financial risk resulting from the consolidated company's operating activities is interest rate variation risk.

Interest rate risk

Since the short-term borrowings of the consolidated company are debts at floating interest rate, the consolidated company is exposed to interest rate risk.

However, the terms of the short-term borrowings of the consolidated company are not long. Therefore, there is no significant interest rate risk.

<u>Other price risk</u>

The Group is exposed to equity price risk for investments in domestic unlisted stocks. As the investments in equity are not held for trading, but for strategic purposes, the Group does not trade the investments actively.

<u>Sensitivity analysis</u>

The sensitivity analysis is conducted based on the exposure to equity price at the balance sheet date.

For the nine months ended September 30, 2023, if there is a hypothetical increase/decrease of 1% in the amount of equity, increase/decrease in fair value of financial assets at FVTOCI would have increase/decrease other comprehensive income by NT$163 thousand.

b. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial losses to the Group. As of the balance sheet date, the Group’s maximum credit risk exposure is primarily arising from:

The carrying amount of financial assets recognized in the consolidated balance sheets.

The policy adopted by the Group is to trade with creditworthy counterparties. In addition, as the customer bases are large and unrelated to each other, the Group expects no significant credit risk will occur.

c. Liquidity risk

The liquidity risk means the Group cannot fulfill their obligations by paying off financial debts by cash or other financial assets. As the Group has sufficient fund for operation at the moment, there is no liquidity risk arising from incapability of raising fund to perform the contractual obligations. The unused credit lines amounted to NT$3,190,000 thousand, NT$3,200,000 thousand, and NT$3,000,000 thousand as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively.

<u>Liquidity of non-derivative financial liabilities and interest rate risk table</u>

The maturity analysis of the remaining contracts of non-derivative financial liabilities is prepared on the basis of the undiscounted cash flows (including principal and estimated interest) of financial liabilities on the earliest date on which the Group may be required to repay. The maturity analysis of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

For the cash flow of interest paid at the floating rate, its undiscounted interest amount is derived from the yield curve at the balance sheet date.

September 30, 2023

	Less than 1 year	1～5years	Over 5 years
Liabilities without bearing interests	$ 843,842	$ -	$ -
Lease liabilities	419,847	1,192,767	1,949,940
Instruments at fixed rate	10,012	-	-
	$ 1,273,701	$ 1,192,767	$ 1,949,940

December 31, 2022

	Less than 1 year	1～5years	Over 5 years
Liabilities without bearing interests	$ 1,394,218	$ -	$ -
Lease liabilities	426,347	1,119,915	2,082,691
	$ 1,820,565	$ 1,119,915	$ 2,082,691

September 30, 2022

	Less than 1 year	1～5years	Over 5 years
Liabilities without bearing interests	$ 682,423	$ -	$ -
Lease liabilities	425,729	1,177,642	2,056,686
	$ 1,108,152	$ 1,177,642	$ 2,056,686

24. RELATED-PARTY TRANSACTIONS

As the transactions, balances, revenues and expenses between the Company and subsidiaries (as the related party to the Company) are eliminated in preparing the consolidated financial statements, the information is not disclosed in the Note. The transactions between the Group and other related parties are as follows.

(1) Related party names and relationships

Related party name	Relationship with the Group
Pan German Motors Ltd.	The entity is the joint venture of the joint venturer
Union Capital Carleasing Ltd.	The entity is the joint venture of the joint venturer
Yi Der International Ltd.	The entity is the joint venture of the joint venturer
Universal Motor Traders Ltd.	The entity is the joint venture of the joint venturer
Yung Shin Carleasing Ltd.	The entity is the joint venture of the joint venturer
Yung Foong Imp. & Exp. Co., Ltd.	The entity is the joint venture of the joint venturer
Porsche Taiwan Motors Limited	Other related party (no longer the related party of the Company since July, 2023)

(2) Net Revenue

Related party Categories	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
The entity is the joint venture of the joint venture				
Union Capital Carleasing Ltd.	$ 811,629	$ 304,567	$ 2,378,476	$ 1,612,538
Yi Der International Ltd.	654,375	721,513	1,998,477	1,572,592
Pan German Motors Ltd.	79,629	61,480	188,180	183,888
Yung Shin Carleasing Ltd.	136	29	230	62
Other related party				
Porsche Taiwan Motors Limited	-	51,803	119,829	152,257
	$ 1,545,769	$ 1,139,392	$ 4,685,192	$ 3,521,337

The sales terms to related parties are the same as non-related parties, except the sales to Pan German Motors Ltd. and Porsche Taiwan Motors Limited, which are exceptions without comparable non-related parties.

(3) Purchases

Related party Categories ／Names	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
The entity is the joint venture of the joint venture				
Pan German Motors Ltd.	$ 7,037,461	$ 6,659,883	$20,494,964	$17,890,780
Others	57,742	61,886	109,736	156,613
	7,095,203	6,721,769	20,604,700	18,047,393
Other related party				
Porsche Taiwan Motors Limited	-	2,453,400	10,225,487	10,657,072
	$ 7,095,203	$ 9,175,169	$30,830,187	$28,704,465

The purchase terms from related parties are exceptions without comparable non-related parties. The other terms are the same as non-related parties.

(4) Notes and accounts receivables－related parties

Item	Related Party Categories／Names	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivables	The entity is the joint venture of the joint venturer			
	Yi Der International Ltd.	$ 35	$ 35	$ 3,481
Accounts receivables	The entity is the joint venture of the joint venturer			
	Pan German Motors Ltd.	$ 82,595	$ 55,283	$ 58,489
	Others	2,101	1,525	3,107
	Other related party			
	Porsche Taiwan Motors Limited	-	27,326	17,617
		84,696	84,134	79,213
	Less: loss allowance	(427)	(418)	(425)
		$ 84,269	$ 83,716	$ 78,788

Notes and accounts receivables – related parties arise from receivables of sales activities. Those outstanding notes and accounts receivables – related parties are charged with no guarantee.

About payment terms of accounts receivables granted by the Group and the credit risk management policies, please refer to Note 9 for more information.

The Group uses a provision matrix for measurement of the loss allowance of accounts receivables related parties and listed as follows:

September 30, 2023

	Within maturity	Overdue for 1 ～60 days	Overdue for more than 61 days	Total
Expected Credit Loss Rate	0.50%	1.00%	1.00%	
Total Carrying Amount	$ 83,926	$ 725	$ 45	$ 84,696
Loss allowance (Lifetime expected credit loss)	(420)	(7)	-	(427)
At amortized cost	$ 83,506	$ 718	$ 45	$ 84,269

December 31, 2022

	Within maturity	Overdue for 1 ～60 days	Overdue for more than 61 days	Total
Expected Credit Loss Rate	0.50%	1.00%	1.00%	
Total Carrying Amount	$ 83,736	$ 321	$ 77	$ 84,134
Loss allowance (Lifetime expected credit loss)	(414)	(3)	(1)	(418)
At amortized cost	$ 83,322	$ 318	$ 76	$ 83,716

September 30, 2022

	Within maturity	Overdue for 1～ 60 days	Overdue for more than 61 days	Total
Expected Credit Loss Rate	0.5%	1.00%	1.00%	
Total Carrying Amount	$ 72,990	$ 2,540	$ 3,683	$ 79,213
Loss allowance (Lifetime expected credit loss)	(368)	(25)	(32)	(425)
At amortized cost	$ 72,622	$ 2,515	$ 3,651	$ 78,788

Changes in loss allowances of accounts receivables – related parties are listed below:

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Balance, beginning of the period	$ 418	$ 920
Plus (less): impairment losses provided (reversed)	9	(495)
Balance, end of the period	$ 427	$ 425

(5) Accounts and notes payables－related parties

Item	Related Party Categories／Names	September 30, 2023	December 31, 2022	September 30, 2022
Notes payables	The entity is the joint venture of the joint venturer			
	Others	$ 1,137	$ -	$ -
	Other related party			
	Porsche Taiwan Motors Limited	-	-	4,897
		$ 1,137	$ -	$ 4,897
Accounts payables	The entity is the joint venture of the joint venturer			
	Pan German Motors Ltd.	$ 388,110	$ 943,711	$ 273,708
	Others	75	1,190	20
	Other related party			
	Porsche Taiwan Motors Limited	-	46,603	60,315
		$ 388,185	$ 991,504	$ 334,043

The outstanding accounts and notes payables – related parties are charged with no guarantee.

(6) Other receivables－related parties

Related Party Categories	September 30, 2023	December 31, 2022	September 30, 2022
The entity is the joint venture of the joint venturer			
Pan German Motors Ltd.	$ 509,402	$ 463,143	$ 566,854
Others	1,724	989	868
Other related parties	-	20,134	48,583
	$ 511,126	$ 484,266	$ 616,305

Other receivables – related parties are receivables as target and image incentives from the general agent, and receivables from return of purchases.

(7) Prepayments to suppliers

Related Party Name	September 30, 2023	December 31, 2022	September 30, 2022
The entity is the joint venture of the joint venturer			
Pan German Motors Ltd.	$ 1,177,413	$ 986,312	$ 921,233
Others	1,828	-	-
Other related party			
Porsche Taiwan Motors Limited	-	508,580	329,304
	$ 1,179,241	$ 1,494,892	$ 1,250,537

(8) Prepaid rents

Related Party Name	September 30, 2023	December 31, 2022	September 30, 2022
The entity is the joint venture of the joint venturer			
Union Capital Carleasing Ltd.	$ 1,549	$ -	$ 1,242
Pan German Motors Ltd.	181	177	1,119

	$ 1,730	$ 177	$ 2,361

(9) Contract liabilities

Related Party Categories	September 30, 2023	December 31, 2022	September 30, 2022
The entity is the joint venture of the joint venturer	$ 20,569	$ 38,987	$ 5,056
Other related party	-	36	36
	$ 20,569	$ 39,023	$ 5,092

(10) Other payables

Related Party Categories	September 30, 2023	December 31, 2022	September 30, 2022
The entity is the joint venture of the joint venturer	$ 21,824	$ 21,462	$ 20,529
Other related party	-	31,503	29,739
	$ 21,824	$ 52,965	$ 50,268

Other payables – related parties are payables for rent, advertisement, equipment, software maintenance service, repair service, water, electricity, gas, fare of car purchase, phone and fax expenses.

(11) Other related party transactions

Item	Related Party Categories	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Operating expenses	The entity is the joint venture of the joint venturer	$ 27,494	$ 25,372	$ 78,254	$ 79,804
	Other related party	-	11,626	17,602	31,326
		$ 27,494	$ 36,998	$ 95,856	$ 111,130
Other income	The entity is the joint venture of the joint venturer				
	Pan German Motors Ltd.	$ 1,760	$ 567	$ 3,375	$ 1,732
	Others	1,639	1,216	3,739	3,354
	Other related party				
	Porsche Taiwan Motors Limited	-	5,649	13,991	16,525
		$ 3,399	$ 7,432	$ 21,105	$ 21,611
Target and image incentives (Recognized as deductions to sales cost)	The entity is the joint venture of the joint venturer				
	Pan German Motors Ltd.	$ 139,382	$ 206,964	$ 487,930	$ 475,037
	Other related party				
	Porsche Taiwan Motors Limited	-	63,140	89,599	173,147
		$ 139,382	$ 270,104	$ 577,529	$ 648,184

Operating expenses – related parties are expenses of promotion, purchase of miscellaneous items, repair service, and training, etc.

Other income – related parties are subsidies used on marketing activities held by the general agent.

Target and image incentives are provided by the general agent to distributors when distributors reach sales targets and well shape brand image. Target and image incentives are recognized as deductions to sales cost.

(12) Acquisition of property, plant and equipment

Related Party Categories	Amounts of acquisition: For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
The entity is the joint venture of the joint venturer	$ 372	$ 1,930	$ 3,611	$ 4,722
Other related party	-	1,300	1,691	4,557
	$ 372	$ 3,230	$ 5,302	$ 9,279

Amounts of acquisition for the nine months ended September 30, 2023 and 2022 include prepaid equipment in the end of the period.

(13) Lease agreement

Acquisition of right-of-use assets

Related Party Categories/Names	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
The entity is the joint venture of the joint venturer				
Universal Motor Traders Ltd.	$ -	$ -	$ 5,407	$ 131,445
Yung Foong Imp. Co., Ltd.	-	-	1,027	-
Pan German Motors Ltd.	-	-	-	93,700
	$ -	$ -	$ 6,434	$ 225,145

Lease liabilities

Related Party Categories／Names	September 30, 2023	December 31, 2022	September 30, 2022
The entity is the joint venture of the joint venturer			
Pan German Motors Ltd.	$ 346,841	$ 387,440	$ 400,565
Others	92,172	107,253	113,994
	$ 439,013	$ 494,693	$ 514,559

Interest expenses

Related Party Categories/Names	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
The entity is the joint venture of the joint venturer				
Pan German Motors Ltd.	$ 1,124	$ 1,283	$ 3,486	$ 3,864
Others	257	312	823	875
	$ 1,381	$ 1,595	$ 4,309	$ 4,739

The Company leased real estates from related parties in 2023 and 2022 for periods of 13 months to 43 years. The rents are agreed upon according to market conditions and general terms of payment.

Lease expenses

Related Party Categories/Names	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
The entity is the joint venture of the joint venturer	$ 1,347	$ 1,150	$ 2,299	$ 1,384

(14) Acquisition of intangible assets

	Proceeds			
Related Party Categories	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
The entity is the joint venture of the joint venturer	$ -	$ 605	$ -	$ 605

(15) Compensation of key management personnel

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Short-term employee benefits	$ 25,235	$ 23,220	$ 66,367	$ 61,571

The compensation to directors and other key management personnel were determined in accordance with the individual performance and the market trends.

25. PLEDGED ASSETS

The assets listed below have been provided as collateral for land lease and the performance guarantee of distribution contract:

	September 30, 2023	December 31, 2022	September 30, 2022
Pledged time deposits (Recognized as financial assets at amortized cost)	$ 94,338	$ 119,441	$ 119,416

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) Material contracts

As of September 30, 2023, the important contracts signed by the Group are summarized as follows:

Nature of contract	Contractor	Contract period	Scope
Distribution contract	Pan German Motors Ltd.	January 1, 2023~December 31, 2023	Authorize the Group to sell vehicles, parts, and accessories provided by the contractor, and provide maintenance and repair service in distribution area.
Distribution contract	Porsche Taiwan Motors Limited	January 1, 2018~Infinite. The distribution contract may be terminated by either contracting party by noticing before 12 months. Termination date is the last day of the notice month.	Authorize the Group to sell vehicles, parts, and accessories provided by the contractor, and provide maintenance and repair service in distribution area.

(2) Unrealized capital expenditures with signed contracts

	September 30, 2023	December 31, 2022	September 30, 2022
Contracts of construction work in process	$ 14,414	$ 186,841	$ 300,819

27. SIGNIFICANT SUBSEQUENT EVENTS

The board of directors of the Company has approved the construction contract of the new spot of BMW demonstration and service center in Taichung on October 6, 2023. The total amount of the construction is NT$1,138,800 thousand.

28. OTHER DISCLOSURES

(1) Information on significant transactions and (2) Information on investees:

a. Financings provided: none.
b. Endorsement/guarantee provided: none.
c. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and control portion of joint ventures): Table 1.
d. Accumulated purchases or sales of same marketable securities at costs or prices of at least NT$300 million or 20% of the paid-in capital: none.
e. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: none.
f. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: none.
g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 2.
h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.

i. Information about the derivative financial instruments' transactions: none.

j. Others: Business relationships and amounts of important transactions between the parent company and the subsidiary and of subsidiaries each other: Table 4.

k. Information on investees: Table 5.

(3) Information on investments in Mainland China:

a. The name of the investee in Mainland China, the main business and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: none.

b. Significant transaction, including price, payment terms and unrealized profit or loss occurs directly or indirectly via the third regions with an investee company in Mainland China.: none.

(a) Amounts, percentages, and ending balances of relevant purchases and payables.

(b) Amounts, percentages, and ending balances of relevant sales and receivables.

(c) Amounts of property transactions, and profit and loss generated.

(d) Ending balances and purposes of notes endorsements guarantee and collateral.

(e) Maximum balance of financing, ending balance, interest rate ranges and current total interest amount.

(f) Other transactions that have a significant impact on the current profit or loss or financial condition such as service rendering or acceptance.

(4) Major shareholders:

List of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 6.

29. SEGMENT INFORMATION

Information provided to chief operating decision maker to allocate resources and assess segments' performance mainly focus on each type of products or services. The reportable segments of the Group are as follows:

Vehicles sales, maintenance and repair service
－BMW and MINI
－PORSCHE

(1) Segment revenue and operating results

The revenue and operating results analyzed by reportable segments are as follows:

	BMW and MINI	PORSCHE	Total
For the nine months ended September 30, 2023			
Revenue from external customers	$ 24,675,469	$ 15,863,903	$ 40,539,372
Inter-segment revenue	67,434	34,835	102,269
Segment revenue	24,742,903	15,898,738	40,641,641
Internal write-offs	(67,434)	(34,835)	(102,269)
Consolidated revenue	$ 24,675,469	$ 15,863,903	$ 40,539,372
Segment profit or loss	$ 909,466	$ 811,574	$ 1,721,040
Profit or loss not recognized in segment profit or loss			27,282
Pre-tax income			$ 1,748,322
For the nine months ended September 30, 2022			
Revenue from external customers	$ 20,735,626	$ 12,766,642	$ 33,502,268
Inter-segment revenue	54,761	35,446	90,207
Segment revenue	20,790,387	12,802,088	33,592,475
Internal write-offs	(54,761)	(35,446)	(90,207)
Consolidated revenue	$ 20,735,626	$ 12,766,642	$ 33,502,268
Segment profit or loss	$ 686,152	$ 648,500	$ 1,334,652
Profit or loss not recognized in segment profit or loss			14,214
Pre-tax income			$ 1,348,866

Segment profit or loss is the profit earned by each segment. The measurement amounts are provided to the chief operating decision maker to allocate resources to segments and evaluate the performance.

(2) Total segment assets

	BMW and MINI	PORSCHE	Total
September 30, 2023			
Total amount of segment assets	$ 8,886,912	$ 7,059,778	$ 15,946,690
Unallocated assets			5,258,767
Total amount of consolidated assets			$ 21,205,457
December 31, 2022			
Total amount of segment assets	$ 9,040,392	$ 6,017,856	$ 15,058,248
Unallocated assets			7,510,314
Total amount of consolidated assets			$ 22,568,562
September 30, 2022			
Total amount of segment assets	$ 8,412,319	$ 5,251,207	$ 13,663,526
Unallocated assets			6,518,732
Total amount of consolidated assets			$ 20,182,258

For the purposes of monitoring segment performances and allocating resources to segments:

All assets are allocated to reportable segments, except current and deferred income tax assets. Such jointly-use assets should be allocated at basis of segment revenue. Total segments' assets do not include assets of general management.

As the information on total liabilities of reportable segments and other segment information are not provided to the chief operating decision maker, they are not disclosed.

Pan German Universal Motors Ltd. and Subsidiaries
MARKETABLE SECURITIES HELD
September 30, 2023

Table 1

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company	Marketable Securities Type and Name (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	September 30, 2023				Note (Note 4)
				Number of shares	Carrying Amount (Note 3)	Percentage of Ownership	Fair Value	
Pan German Universal Motors Ltd.	Yung Shin Carleasing Ltd.	The entity is the joint venture of the joint venturer	Non-current financial assets measured at fair value through other comprehensive income	212,000	$ 6,924	2%	$ 6,924	None.
Pan German Universal Motors Ltd.	Union Capital Carleasing Ltd.	The entity is the joint venture of the joint venturer	Non-current financial assets measured at fair value through other comprehensive income	194,400	9,336	1%	9,336	None.

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 “Financial Instruments.”

Note 2: If issuers of marketable securities are not related parties, the column is free to fill.

Note 3: For marketable securities measured at fair value, please fill the amount of the balance of carrying amount after adjusted by fair value valuation and less the loss allowances in the “Carrying Amount” column. For marketable securities not measured at fair value, please fill the amount of amortized cost (after deducting loss allowances) in the “Carrying Amount” column.

Note 4: If marketable securities in the table are with limitation because they are provided for guarantee, pledged loans or other agreements, the Group shall indicate the number of shares and amount pledged, and the limitation status.

Pan German Universal Motors Ltd. and Subsidiaries
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
For the Nine months ended September 30, 2023

Table 2

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Counterparty	Relationship	Transaction Details				Explanations on differences with normal transactions		Notes/Accounts Receivables (Payables)		Note
			Purchase/ Sales	Amount	Percentage Accounting for Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage Accounting for Total Notes/Accounts Receivables (Payables)	
Pan German Universal Motors Ltd.	Pan German Motors Ltd.	The entity is the joint venture of the joint venturer	Purchase	$ 20,492,812	60%	Note 1	No transactions with non-related parties for reference and comparison.	No transactions with non-related parties for reference and comparison.	($ 387,477)	(83%)	Prepayment $1,177,413
Pan German Universal Motors Ltd.	Porsche Taiwan Motors Limited	Other related party (Note 3)	Purchase	8,830,865	26%	Note 2	No transactions with non-related parties for reference and comparison.	No transactions with non-related parties for reference and comparison.	-	-	
Pan German Universal Motors Ltd.	Union Capital Carleasing Ltd.	The entity is the joint venture of the joint venture	Purchase	109,498	-	At sight	Consistent with non-related parties.	Consistent with non-related parties.	(1,081)	-	Prepayment 1,828
Pan German Universal Motors Ltd.	Pan German Motors Ltd.	The entity is the joint venture of the joint venturer	Sales	188,180	-	60 days	No transactions with non-related parties for reference and comparison.	No transactions with non-related parties for reference and comparison.	82,595	19%	Contract liabilities 1,663
Pan German Universal Motors Ltd.	Union Capital Carleasing Ltd.	The entity is the joint venture of the joint venture	Sales	2,137,217	6%	At sight	Consistent with non-related parties	Consistent with non-related parties	1,586	-	Contract liabilities 9,747
Pan German Universal Motors Ltd.	Yi Der International Ltd.	The entity is the joint venture of the joint venturer	Sales	1,998,477	5%	At sight	Consistent with non-related parties	Consistent with non-related parties	76	-	Contract liabilities 8,873
Jet-Li Motors Ltd.	Porsche Taiwan Motors Limited	Other related party (Note 3)	Purchase	1,394,622	68%	Note 2	No transactions with non-related parties for reference and comparison.	No transactions with non-related parties for reference and comparison.	-	-	
Jet-Li Motors Ltd.	Union Capital Carleasing Ltd.	The entity is the joint venture of the joint venturer	Sales	241,259	10%	At sight	Consistent with non-related parties	Consistent with non-related parties	474	3%	Contract liabilities 286

Note 1: Vehicles should be paid off before delivery. Payment term of parts is net 45 days from the end of the month of when invoice is issued.
Note 2: Vehicles should be paid off before delivery. Payment term of parts is net 15 days from the end of the month of when invoice is issued.
Note 3: Porsche Taiwan Motors Limited is no longer the related party of the Company since July, 2023.

Pan German Universal Motors Ltd. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

September 30, 2023

Table 3

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company with Receivables	Counterparty	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Pan German Universal Motors Ltd.	Pan German Motors Ltd.	The entity is the joint venture of the joint venturer	$ 591,997	-	$ 770	-	$ 199,122	$ 417

Note 1: Ending balance of NT$591,997 thousand includes accounts receivables amounting to NT$82,595 thousand and other receivables amounting to NT$509,402 thousand.

Pan German Universal Motors Ltd. and Subsidiaries

NATURE OF RELATIONSHIPS AND SIGNIFICANT TRANSACTION DETAILS BETWEEN THE PARENT COMPANY AND THE SUBSIDIARIES, AND SUBSIDIARIES EACH

For the Nine months ended September 30, 2023

Table 4

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Company Name	Counterparty of Transaction	Relationships (Note 2)	Transaction Details			Percentage Accounting for Consolidated Total Revenue or Total Assets (Note 3)
				Item	Amount	Payment Terms	
0	Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	(1)	Sales revenue	$ 9,077	No transactions with non-related parties for reference and comparison.	-
0	Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	(1)	Purchases	961	No transactions with non-related parties for reference and comparison.	-
0	Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	(1)	Accounts receivable – related parties	500	At sight.	-
0	Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	(1)	Other payables – related parties	3	Net 60 days from the end of the month of when invoice is issued.	-
0	Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	(1)	Accounts payable – related parties	216	At sight.	-

Note 1: The business information between the parent company and the subsidiary shall be indicated in the number column as follows:

(1) The parent company: fill "0"

(2) The subsidiary: fill number from 1 successively by companies.

Note 2: Relationships are classified as follows:

(1) The parent company to the subsidiary.

(2) The subsidiary to the parent company.

(3) The subsidiary to the subsidiary.

Note 3: If the transaction is categorized as an item of asset or liability, the percentage shall be calculated by the ending balance of the consolidated total assets. If the transaction is categorized as an item of profit or loss, the percentage shall be calculated by the accumulated transaction amount during the period to the consolidated net revenue.

Pan German Universal Motors Ltd. and Subsidiaries
RELEVANT INFORMATION INCLUDING INFORMATION ON INVESTEES, LOCATIONS
For the Nine months ended September 30, 2023

Table 5

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount		Balance as of September 30, 2023			Net Income (Losses) of the Investee	Gains (Losses) on Investment Recognized	Note
				September 30, 2023	December 31, 2022	Shares	Percentage	Carrying Amount			
Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	Taiwan	Transactions of vehicles, parts, and accessories, and provide maintenance and repair service.	$ 393,338	$ 393,338	16,000,000	100%	$ 519,168	$ 93,897	$ 93,897	

Pan German Universal Motors Ltd.
INFORMATION ON MAJOR SHAREHOLDERS
September 30, 2023

Table 6

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
DE-CHEN LTD.	14,416,251	17.86%
SAN JIE Co., Ltd.	12,792,000	15.85%
XING RONG Co., Ltd.	12,792,000	15.85%
YUN-HUA LTD.	8,428,171	10.44%
YUNG FOONG MOTORS LTD.	5,448,448	6.75%

Note: Major shareholders shown in the table are summarized and accounted by Taiwan Depository & Clearing Corp. on the last business day of the quarter with ownership (including common and preferred shares) of 5% or greater. Shares listed in the consolidated financial statements may be different from one recorded in Dematerialized Registration/Delivery because of differences on computing basis.