Stock Code:2616

SHAN-LOONG TRANSPORTATION CO., LTD.

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of Shan-Loong Transportation Co., Ltd.(" the Company"), which comprise the balance sheet as of December 31, 2025 and 2024, the statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2025 and 2024, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Emphasis of Matter

As stated in notes 12(b) of the financial statements, investigative authorities conducted a search and seizure on the Company on February 20, 2025 due to allegations of legal violations by certain management personnel. The Company conducted an internal review and discovered undisclosed related parties and transactions with certain vendors. Based on these findings, transactions with these vendors have been disclosed as related party transactions and prior financial statements have been corrected accordingly. Regarding the allegations against certain management personnel, the Company stated that it lacks judicial investigative authority and due to the confidentiality of the investigation, the facts and legal responsibilities will be clarified by investigative and judicial authorities before taking corresponding measures. However, the Company will fully cooperate with the investigation and plans to commission external experts to analyze the reasonableness of related party procurement prices to protect its shareholder interests. The auditor has not modified the audit opinion due to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

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

Description of key audit matter:

The main activities of the Company include freight transportation, container trucking, and gas station. Revenue recognition is one of the significant matters of the 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 Company'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 Company's timing on revenue recognition and the amounts recognized are in accordance with the related standards.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Mei, Yuan-Chen and Kuo, Yang-Lun.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2026

Notes to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SHAN-LOONG TRANSPORTATION CO., LTD.

Balance Sheets

December 31, 2025 and 2024

(expressed in thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 545,745	7	370,494	4
1170	Notes and accounts receivable, net (note (6)(c))	292,889	4	211,203	3
1180	Notes and accounts receivable due from related parties, net (notes (6)(c) and (7))	105,686	1	103,807	1
1300	Inventories, net (notes (6)(d) and (7))	143,392	2	123,489	1
1476	Other current financial assets (note (6)(e))	17,408	-	18,724	-
1479	Other current assets (note (7))	267,293	3	47,798	1
		1,372,413	17	875,515	10
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(b))	378,058	5	456,426	5
1550	Investments accounted for using the equity method, net (note (6)(f))	1,864,164	23	2,186,222	26
1600	Property, plant and equipment (notes (6)(g), (7) and (8))	3,532,292	43	3,746,888	45
1755	Right-of-use assets (note (6)(h))	663,916	8	750,839	9
1780	Intangible assets	139,807	2	161,677	2
1840	Deferred income tax assets (note (6)(l))	19,697	-	64,107	1
1990	Other non-current assets (notes (7) and (8))	151,167	2	196,210	2
		6,749,101	83	7,562,369	90
	Total assets	$ 8,121,514	100	8,437,884	100

		December 31, 2025		December 31, 2024	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2150	Notes and accounts payable (note (7))	$ 701,782	9	641,869	8
2200	Other payables (note (7))	204,844	2	198,740	3
2280	Current lease liabilities (notes (6)(j) and (7))	174,498	2	186,503	2
2130	Current contract liabilities (note (6)(o))	216,008	3	108,238	1
2250	Provisions	11,412	-	11,305	-
2399	Other current liabilities	15,731	-	9,844	-
2320	Long-term borrowings, current portion (note (6)(i))	1,770,000	22	1,550,000	18
		3,094,275	38	2,706,499	32
	Non-current liabilities:				
2540	Long-term borrowings (note (6)(i))	1,750,000	23	1,300,000	15
2570	Deferred income tax liabilities (note (6)(l))	110,300	1	128,026	2
2580	Non-current lease liabilities (notes (6)(j) and (7))	495,073	6	578,834	7
2640	Non-current net defined benefit liability (note (6)(k))	37,297	-	39,851	-
2645	Guarantee deposits received	6,902	-	6,869	-
		2,399,572	30	2,053,580	24
	Total liabilities	5,493,847	68	4,760,079	56
	Equity: (note (6)(m))				
3110	Ordinary share	1,372,818	17	1,372,818	16
3200	Capital surplus	589,896	7	589,490	7
3300	Retained earnings	300,503	3	1,231,327	15
3400	Other equity	396,313	5	516,033	6
3500	Treasury shares	(31,863)	-	(31,863)	-
	Total equity	2,627,667	32	3,677,805	44
	Total liabilities and equity	$ 8,121,514	100	8,437,884	100

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SHAN-LOONG TRANSPORTATION CO., LTD.

Statement of Comprehensive Income

For the years ended December 31, 2025 and 2024

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

		2025		2024	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue** (notes (6)(o) and (7))	$ 7,493,367	100	10,093,081	100
5000	**Operating costs** (notes (6)(e), (6)(k), (7) and (12))	6,968,250	93	9,390,620	93
5900	**Gross profit from operations**	525,117	7	702,461	7
	Operating expenses (notes (6)(k), (7) and (12)):				
6100	Selling expenses	480,008	6	479,567	5
6200	Administrative expenses	820,129	11	788,317	8
6450	Expected credit losses (notes (6)(c))	4,876	-	2,549	-
		1,305,013	17	1,270,433	13
6900	**Net operating income**	(779,896)	(10)	(567,972)	(6)
	Non-operating income and expenses:				
7010	Other income (note (7))	25,957	-	54,130	1
7020	Other gains and losses, net (note (6)(j))	150	-	79	-
7050	Finance costs (notes (6)(j) and (7))	(77,534)	(1)	(65,031)	(1)
7100	Interest income	2,801	-	4,652	-
7130	Dividend income (note (7))	17,829	-	9,688	-
7210	Gains (losses) on disposals of property, plant and equipment (note (7))	(9,272)	-	86	-
7070	Share of profit (loss) of subsidiaries and associates accounted for using the equity method (note (6)(f))	(9,960)	-	83,517	1
7590	Miscellaneous disbursements	(12,721)	-	(9,949)	-
		(62,750)	(1)	77,172	1
7900	**Profit (loss) before tax**	(842,646)	(11)	(490,800)	(5)
7950	**Less: Income tax expenses** (note (6)(l))	6,544	-	(24,785)	-
8200	**Profit (loss)**	(849,190)	(11)	(466,015)	(5)
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)(k))	3,038	-	19,833	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(43,750)	(1)	(233,664)	(2)
8330	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	(77,308)	(1)	(504,178)	(5)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(l))	24,541	-	(26,801)	-
		(142,561)	(2)	(691,208)	(7)
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements	(22,010)	-	8,775	-
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss (note (6)(l))	(4,402)	-	1,755	-
		(17,608)	-	7,020	-
8300	**Other comprehensive income (loss)**	(160,169)	(2)	(684,188)	(7)
8500	**Total comprehensive income (loss)**	**$ (1,009,359)**	**(13)**	**(1,150,203)**	**(12)**
	Earnings per share (note (6)(n))				
9750	**Basic earnings per share**	**$ (6.25)**		**(3.43)**	
9850	**Diluted earnings per share**	**$ (6.25)**		**(3.43)**	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SHAN-LOONG TRANSPORTATION CO., LTD.

Statement of Changes in Equity

For the years ended December 31, 2025 and 2024

(expressed in thousands of New Taiwan Dollars)

			Retained earnings			Other 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	Total equity
Balance on January 1, 2024	$ 1,372,818	588,908	556,797	1,184,270	1,741,067	(20,884)	1,236,411	1,215,527	(31,863)	4,886,457
Profit (loss) for the year ended December 31, 2024	-	-	-	(466,015)	(466,015)	-	-	-	-	(466,015)
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	15,866	15,866	7,020	(707,074)	(700,054)	-	(684,188)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	(450,149)	(450,149)	7,020	(707,074)	(700,054)	-	(1,150,203)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	5,856	(5,856)	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(59,031)	(59,031)	-	-	-	-	(59,031)
	-	-	5,856	(64,887)	(59,031)	-	-	-	-	(59,031)
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	582	-	-	-	-	-	-	-	582
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(560)	(560)	-	560	560	-	-
Balance on December 31, 2024	1,372,818	589,490	562,653	668,674	1,231,327	(13,864)	529,897	516,033	(31,863)	3,677,805
Profit (loss) for the year ended December 31, 2025	-	-	-	(849,190)	(849,190)	-	-	-	-	(849,190)
Other comprehensive income (loss) for the year ended December 31, 2025	-	-	-	(40,449)	(40,449)	(17,608)	(102,112)	(119,720)	-	(160,169)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	(889,639)	(889,639)	(17,608)	(102,112)	(119,720)	-	(1,009,359)
Appropriation and distribution of retained earnings:										
Cash dividends on ordinary share	-	-	-	(41,185)	(41,185)	-	-	-	-	(41,185)
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	406	-	-	-	-	-	-	-	406
Balance on December 31, 2025	**$ 1,372,818**	**589,896**	**562,653**	**(262,150)**	**300,503**	**(31,472)**	**427,785**	**396,313**	**(31,863)**	**2,627,667**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SHAN-LOONG TRANSPORTATION CO., LTD.

Statement of Cash Flows

For the years ended December 31, 2025 and 2024

(expressed in thousands of New Taiwan Dollars)

	2025	2024
Cash flows from (used in) operating activities:		
Loss before tax	$ (842,646)	(490,800)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	451,164	438,288
Amortization expense	32,881	28,092
Expected credit loss	4,876	2,549
Interest expense	77,534	65,031
Interest income	(2,801)	(4,652)
Dividend income	(17,829)	(9,688)
Share of loss (profit) of subsidiaries and associates accounted for using equity method	9,960	(83,517)
Loss (gain) on disposal of property, plant and equipment and others	9,272	(86)
Other	(195)	(25)
	564,862	435,992
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	(86,571)	384,452
Decrease (increase) in inventories	(19,902)	57,847
Decrease in other current financial assets	1,315	41,039
Decrease (increase) in other current assets	(219,231)	27,276
Increase (decrease) in notes and accounts payable	59,913	(1,514,552)
Increase in contract liabilities	107,770	72,968
Increase (decrease) in provisions	107	(3,835)
Increase (decrease) in other payables and other current liabilities	11,991	(131,405)
Increase in net defined benefit liabilities	484	2,460
	(144,124)	(1,063,750)
Total adjustments	420,738	(627,758)
Cash outflow generated from (used in) operations	(421,908)	(1,118,558)
Dividends received	231,015	77,158
Interest paid	(77,534)	(65,031)
Interest received	2,801	4,652
Income taxes refund (paid)	(264)	13,813
Net cash flows from (used in) operating activities	(265,890)	(1,087,966)
Cash flows from (used in) investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	34,618	2,940
Acquisition of property, plant and equipment	(132,789)	(337,189)
Proceeds from disposal of property, plant and equipment	73,721	13,603
Decrease (increase) in refundable deposits	38,162	(12,065)
Acquisition of intangible assets	(11,055)	(19,441)
Decrease in prepayments for business facilities	7,542	78,747
Net cash flows from (used in) investing activities	10,199	(273,405)
Cash flows from (used in) financing activities:		
Proceeds from long-term borrowings	6,220,000	2,950,000
Repayments of long-term borrowings	(5,550,000)	(2,150,000)
Increase (decrease) in guarantee deposits received	33	(4,635)
Payment of lease liabilities	(197,906)	(203,437)
Cash dividends paid	(41,185)	(59,031)
Net cash flows from (used in) financing activities	430,942	532,897
Net increase (decrease) in cash and cash equivalents	175,251	(828,474)
Cash and cash equivalents at beginning of period	370,494	1,198,968
Cash and cash equivalents at end of period	**$ 545,745**	**370,494**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SHAN-LOONG TRANSPORTATION CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2025 and 2024

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

(1) Company history

Shan-Loong Transportation Co., Ltd. (the "Company") was incorporated on 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 major business activities of the Company are freight transportation, container trucking, and gas station, etc.

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issue by the Board of Directors on March 12, 2026.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2025:

- Amendments to IAS21 "Lack of Exchangeability"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

(b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its financial statements:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(Continued)

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 note:On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies:

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

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the 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 are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The 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.

(Continued)

(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates on 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 generally recognized in profit or loss, except for those differences related to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective；or

3) qualifying cash flow hedges to the extent the hedges are effective.

(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 Company 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 Company 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.

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

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(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.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) 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 Company’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) 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 Company 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 trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

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

(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 Company 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.

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 Company 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.

(Continued)

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 Company's right to receive payment is established.

3) Business model assessment

The Company 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 Company'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 Company'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.

4) 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.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company 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 Company considers:

(Continued)

- 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 Company's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Company 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 Company 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 Company 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 Company's historical experience and informed credit assessment as well as forward-looking information.

The Company 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 Company in full.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company 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. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company 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 Company 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 Company’s procedures for recovery of amounts due.

6) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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.

(Continued)

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company 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) 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.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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.

(Continued)

6) 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 Company 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.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted moving 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. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company 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 parent-company-only financial statements include the Company’s share of the profit or loss and other comprehensive income of the associates, after adjustments, in order to be consistent with the Company’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 Company and its associate are recognized only to the unrelated Company’s interests in the associate. When the Company’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 Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amounts of net income, other comprehensive income and equity attributable to shareholders of the Company in the parent-company-only financial statements are equal to those in the consolidated financial statements.

Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(Continued)

(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 Company.

(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: 1~56 years

2) Gasoline equipment: 1~21 years

3) Transportation equipment: 5~22 years

4) Miscellaneous equipment: 1~16 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 Company 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 Company 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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 in its assessment on whether it will exercise an extension or termination option; or

3) there is any lease modification

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 Company 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 relating to the partial or full termination of the lease.

The Company 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.

(Continued)

The Company 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 Company 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 Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company 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 Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company 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.

(Continued)

(m) Impairment of non-financial assets

At each reporting date, the Company 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.

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 Company 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 Company expects to be entitled in exchange for transferring goods or services to a customer. The Company 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 Company's main types of revenue are explained below.

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

1) Sale of goods

The Company sells gas to clients and consumers. The Company 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 Company has a right to an amount of consideration that is unconditional.

2) Freight transportation services

The Company provides freight transportation services. Revenue from providing services is recognized in the accounting period in which the services are rendered.

3) Financing components

The Company 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 Company does not adjust any of the transaction prices for the time value of money.

(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 Company’ 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 Company, 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 Company 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.

(Continued)

SHAN-LOONG TRANSPORTATION CO., LTD.
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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 Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) 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 Company 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 Company 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.

(Continued)

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

(i) the Company 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 Company 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

The operating segment information is disclosed in the consolidated financial statements. Therefore, the Company will not disclose the operating segment information in the parent-company-only financial statements.

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

In preparing these parent-company-only financial statements, management has made judgments and estimates about the future (including climate-related risks and opportunities) 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.

The information that has the most significant effects on the amounts recognized in the financial statements is as follows:

Information about 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 is as follows:

(Continued)

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(a) The loss allowance for accounts receivables

The Company has estimated the loss allowance for accounts receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2025	December 31, 2024
Cash on hand	$	4,739	3,567
Checking accounts and demand deposits		541,006	366,927
	$	545,745	370,494

Please refer to note (6)(q) for the interest rate risk and sensitivity analysis of the financial assets of the Company.

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

		December 31, 2025	December 31, 2024
Equity investments at fair value through other comprehensive income:			
Stocks listed on domestic markets	$	335,208	368,147
Stocks unlisted on domestic markets		42,850	88,279
	$	378,058	456,426

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

(ii) In the year 2025, the Company derecognized part of its financial assets measured through other comprehensive income due to the capital reduction and return of capital by Gemtech Optoelectronics Corp. with a derecognition amount of $34,618. In the year 2024, the Company recovered its original investment of $2,940 due to the liquidation of Shin Loong Lifecare Corp. The accumulated disposal loss amounted to $560, which has been reclassified from other equity to retained earnings.

(iii) For market risk of the Company, please refer to note (6)(q).

(iv) For details regarding the pledge of the aforementioned financial assets, please refer to note(8).

(Continued)

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

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

		December 31, 2025	December 31, 2024
Notes receivable	$	2,990	2,167
Accounts receivable		403,633	317,885
		406,623	320,052
Less: Allowance for impairment		(8,048)	(5,042)
	$	**398,575**	**315,010**
Notes and accounts receivable, net	$	**292,889**	**211,203**
Notes and accounts receivable due from related parties, net	$	**105,686**	**103,807**

The Company 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, 2025 and 2024, the loss allowance provisions were determined as follows:

	December 31, 2025				
	Gross carrying amount		Weighted-average loss rate		
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Loss allowance provision
Aging under 60 days	$ 2,831	392,678	-%	-%	-
Aging 61~90 days	-	1,420	1%	1%	14
Aging 91~120 days	-	1,150	5%	60%	690
Aging 121~150 days	-	1,031	10%	60%	619
Aging 151~180 days	-	1,072	10%	80%	857
Aging 181~365 days	-	5,734	10%	90%	5,161
Aging over 365 days	159	548	100%	100%	707
	$ **2,990**	**403,633**			**8,048**

	December 31, 2024				
	Gross carrying amount		Weighted-average loss rate		
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Loss allowance provision
Aging under 60 days	$ 2,167	313,206	-%	-%	-
Aging 61~90 days	-	28	1%	1%	-
Aging 91~120 days	-	999	5%	60%	599
Aging 121~150 days	-	1,533	10%	60%	920
Aging 151~180 days	-	877	10%	80%	702
Aging 181~365 days	-	150	10%	90%	135
Aging over 365 days	-	1,092	100%	100%	1,092
	$ **2,167**	**317,885**			**3,448**

(Continued)

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

		2025	2024
Balance on January 1	$	5,042	2,493
Impairment losses recognized		4,876	2,549
Amounts written off		(1,870)	-
Balance on December 31	**$**	**8,048**	**5,042**

As of December 31, 2025 and 2024, the Company did not pledge any notes and accounts receivable as collateral for its borrowings.

(d) Other current financial assets

		December 31, 2025	December 31, 2024
Other receivables (including related parties)	$	30,508	31,823
Less: loss allowance		(13,100)	(13,100)
	$	**17,408**	**18,723**

For further credit risk information, please refer to note (6)(q).

(e) Inventories

		December 31, 2025	December 31, 2024
Premium Diesel	$	44,111	37,396
Unleaded Gasoline #92		30,204	27,884
Unleaded Gasoline #95		46,103	34,902
Unleaded Gasoline #98		22,974	23,308
	$	**143,392**	**123,490**

The Company recognized as cost of sales amounted to $6,302,919 and $8,119,674, respectively, for the years ended December 31, 2025 and 2024.

The gain or (loss) on physical inventory amounted to $26,223 and $(9,031), respectively, which was recorded as cost of sales for the years ended December 31, 2025 and 2024.

As of December 31, 2025 and 2024, the Company did not pledge any inventories as collateral for its borrowings.

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

(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, 2025	December 31, 2024
Subsidiaries	$ 1,807,016	2,127,119
Associates	57,148	59,103
	$ 1,864,164	**2,186,222**

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2025.

(ii) Associates

The Company' s financial information on investments accounted for using the equity method that are individually insignificant was as follows:

	2025	2024
Attributable to the Company:		
Profit (loss)	$ 359	957
Other comprehensive income (loss)	(1,951)	(11,914)
Total comprehensive income (loss)	**$ (1,592)**	**(10,957)**

(iii) As of December 31, 2025 and 2024, the Company did not provide any investment accounted for using the equity method as collateral for its loans.

(g) Property, plant and equipment

	Land	Buildings	Gasoline equipment	Transportation equipment	Miscellaneous equipment	Unfinished construction and equipment under installation	Total
Cost:							
Balance on January 1, 2025	$ 2,009,271	1,019,915	522,425	1,997,092	460,779	25,576	6,035,058
Additions	-	24,504	26,605	4,532	59,852	17,296	132,789
Disposals	-	(544)	(120,350)	(382,932)	(23,381)	-	(527,207)
Others	-	-	22,704	-	-	(25,184)	(2,480)
Balance on December 31, 2025	**$ 2,009,271**	**1,043,875**	**451,384**	**1,618,692**	**497,250**	**17,688**	**5,638,160**
Balance on January 1, 2024	$ 2,009,271	985,581	315,210	2,050,367	394,246	33,410	5,788,085
Additions	-	9,528	189,291	7,747	123,598	7,025	337,189
Disposals	-	(6,780)	(13,248)	(68,187)	(5,709)	-	(93,924)
Others	-	31,586	31,172	7,165	(51,356)	(14,859)	3,708
Balance on December 31, 2024	**$ 2,009,271**	**1,019,915**	**522,425**	**1,997,092**	**460,779**	**25,576**	**6,035,058**
Depreciation:							
Balance on January 1, 2025	$ -	500,674	258,633	1,256,129	272,734	-	2,288,170
Depreciation	-	41,625	56,205	95,943	68,139	-	261,912
Disposals	-	(544)	(91,761)	(332,387)	(19,522)	-	(444,214)
Balance on December 31, 2025	**$ -**	**541,755**	**223,077**	**1,019,685**	**321,351**	**-**	**2,105,868**

(Continued)

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

	Land	Buildings	Gasoline equipment	Transportation equipment	Miscellaneous equipment	Unfinished construction and equipment under installation	Total
Balance on January 1, 2024	$ -	441,713	227,844	1,182,948	278,002	-	2,130,507
Depreciation	-	46,145	30,016	127,503	34,406	-	238,070
Disposals	-	(6,084)	(13,208)	(55,588)	(5,527)	-	(80,407)
Others	-	18,900	13,981	1,266	(34,147)	-	-
Balance on December 31, 2024	**$ -**	**500,674**	**258,633**	**1,256,129**	**272,734**	**-**	**2,288,170**
Carrying amounts:							
Balance on December 31, 2025	**$ 2,009,271**	**502,120**	**228,307**	**599,007**	**175,899**	**17,688**	**3,532,292**
Balance on January 1, 2024	**$ 2,009,271**	**543,868**	**87,366**	**867,419**	**116,244**	**33,410**	**3,657,578**
Balance on December 31, 2024	**$ 2,009,271**	**519,241**	**263,792**	**740,963**	**188,045**	**25,576**	**3,746,888**

(i) The Company is restricted by the law and cannot acquire any agricultural land in the name of the Company; therefore, the agricultural land located in Mailiao and Taoyuan is registered in the name of the Chairman of the Company. As of December 31, 2025 and 2024, the carrying value of the above land was both $215,304. The Company has either "Other rights certificate" of the land or an agreement with both parties to verify that the Company is the actual owner of the land.

(ii) The Company conducts annual asset impairment assessments. If there are indications of impairment, the recoverable amount of the asset is determined using its value in use. In the year 2025 and 2024, the discount rate applied was both 7.12%, and no impairment was identified.

(iii) As of December 31, 2025 and 2024, the portion of property, plant and equipment of the Company had been pledged as collateral for its credit lines of the bank, please refer to note (8).

(h) Right-of-use assets

	Land	Buildings	Others	Total
Cost:				
Balance on January 1, 2025	$ 339,046	1,606,822	13,697	1,959,565
Additions	18,817	89,692	-	108,509
Reductions	-	(30,680)	-	(30,680)
Balance on December 31, 2025	**$ 357,863**	**1,665,834**	**13,697**	**2,037,394**
Balance on January 1, 2024	$ 287,160	1,543,358	13,697	1,844,215
Additions	63,572	63,464	-	127,036
Reductions	(11,686)	-	-	(11,686)
Balance on December 31, 2024	**$ 339,046**	**1,606,822**	**13,697**	**1,959,565**
Depreciation:				
Balance on January 1, 2025	$ 167,078	1,028,536	13,112	1,208,726
Depreciation	27,596	161,549	107	189,252
Reductions	-	(24,500)	-	(24,500)
Balance on December 31, 2025	**$ 194,674**	**1,165,585**	**13,219**	**1,373,478**

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

	Land	Buildings	Others	Total
Balance on January 1, 2024	$ 147,177	858,681	11,582	1,017,440
Depreciation	28,833	169,855	1,530	200,218
Reductions	(8,932)	-	-	(8,932)
Balance on December 31, 2024	**$ 167,078**	**1,028,536**	**13,112**	**1,208,726**
Carrying amount:				
Balance on December 31, 2025	**$ 163,189**	**500,249**	**478**	**663,916**
Balance on January 1, 2024	**$ 139,983**	**684,677**	**2,115**	**826,775**
Balance on December 31, 2024	**$ 171,968**	**578,286**	**585**	**750,839**

The increase in the Company's right-of-use assets was mainly due to the new lease contracts for gas stations and container yard; while the decrease was mainly due to the termination of gas stations lease agreement.

(i) Long-term borrowings

	December 31, 2025	December 31, 2024
Unsecured bank loans	$ 2,458,400	2,258,400
Secured bank loans	1,061,600	591,600
Less: current portion	1,770,000	1,550,000
	$ 1,750,000	**1,300,000**
Unused long-term credit lines	**$ 1,270,000**	**1,815,000**
Range of interest rates	**1.88%~2.38%**	**1.88%~2.19%**
Maturity year	**2026~2029**	**2025~2029**

(i) Issuance and repayment of the loans

The Company's additional amounts in loans for the years ended December 31, 2025 and 2024, were $6,220,000 and $2,950,000, respectively; and the repayments, including prepaying the loans, were $5,550,000 and $2,150,000, respectively.

(ii) As of December 31, 2025, the repayment schedule for the long-term borrowings was as follows:

Period	Amount
2026.01.01~2026.12.31	$ 1,770,000
2027.01.01~2027.12.31	1,400,000
2028.01.01~2028.12.31	-
2029.01.01~2029.12.31	350,000
	$ 3,520,000

(Continued)

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

(iii) Some of the Company's borrowings are classified based on their original contractual maturity dates, and are therefore listed as liabilities due within one year on the balance sheet. However, these borrowings are mostly extendable in nature, and based on historical practices and stable relationships with financial institutions, the company expect to complete the extensions throughout the year 2026, thus assessing no significant liquidity risk. Additionally, the Company holds highly liquid securities and possesses real estate that can be pledged, serving as backup sources for fund allocation and financing to ensure short-term debt repayment capability and overall financial stability. Please refer to note (6)(q) for the interest rate risk and liquidity risk information of the Company.

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

(j) Lease liabilities

The lease liabilities of the Company were as follows:

	December 31, 2025	December 31, 2024
Current	$ 174,498	186,503
Non-current	$ 495,073	578,834

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

	2025	2024
The amounts recognized in profit or loss were as follows:		
Interest on lease liabilities	$ 11,312	11,652
Variable lease payments not included in the measurement of lease liabilities	$ 73,677	22,421
Expenses relating to short-term leases	$ 12,248	17,793
Lease modification gains (recorded as other gains and losses)	$ (195)	(27)

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

	2025	2024
Total cash outflow for leases	$ 295,143	255,303

(i) Leases of land and buildings

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

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

(k) 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, 2025	December 31, 2024
Present value of the defined benefit obligations	$ (56,558)	(64,620)
Fair value of plan assets	19,261	24,769
Net defined benefit liabilities	**$ (37,297)**	**(39,851)**

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 $19,261 as of December 31, 2025. 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:

	2025	2024
Defined benefit obligations	$ (64,620)	(142,495)
Benefits paid	10,238	69,294
Pensions for employees who are transferred from affiliated companies	-	(2,158)
Current service costs and interest cost	(1,482)	(2,641)
Remeasurement in net defined benefit liabilities	(694)	13,380
Defined benefit obligations at December 31	**$ (56,558)**	**(64,620)**

SHAN-LOONG TRANSPORTATION CO., LTD.
Notes to the 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:

	2025	2024
Fair value of plan assets at January 1	$ 24,769	85,271
Expected return on plan assets	419	1,079
Remeasurement of net defined benefit liabilities	3,732	6,453
Contributions paid by the employer	579	1,260
Benefits paid	(10,238)	(69,294)
Fair value of plan assets at December 31	**$ 19,261**	**24,769**

4) Movements of the effect of the asset ceiling

In 2025 and 2024, 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:

	2025	2024
Administration expenses	**$ 1,063**	**1,562**

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

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

	2025	2024
Accumulated amount at January 1	$ (127,746)	(147,579)
Recognized during the period	3,038	19,833
Accumulated amount at December 31	**$ (124,708)**	**(127,746)**

7) Actuarial assumptions

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

	December 31, 2025	December 31, 2024
Discount rate	1.400 %	1.650 %
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 $579.

(Continued)

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, 2025			
Discount rate	$	(715)	738
Future salary increasing rate		740	(720)
December 31, 2024			
Discount rate		(779)	803
Future salary increasing rate		807	(785)

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 2025 and 2024.

(ii) Defined contribution plans

The Company 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 Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company recognized the pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $31,900 and $35,639 for the years ended December 31, 2025 and 2024, respectively.

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

(l) Income taxes

(i) Income tax expenses

1) The components of income tax in the years 2025 and 2024 were as follows:

	2025	2024
Current tax expenses		
Adjustment for prior periods	$ -	(2,287)
	-	(2,287)
Deferred tax expenses		
Origination and reversal of temporary differences	$ 6,544	(22,498)
	6,544	(22,498)
Income tax (profit) expenses	**$ 6,544**	**(24,785)**

2) The amounts of income tax recognized directly in other comprehensive income for 2025 and 2024 were as follows:

	2025	2024
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ 43,487	3,967
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	(14,057)	(14,309)
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	(4,889)	(16,459)
	$ 24,541	**(26,801)**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	**$ (4,402)**	**1,755**

(Continued)

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

3) Reconciliation of income tax and profit before tax for 2025 and 2024 is as follows:

	2025	2024
Loss before tax	$ (842,646)	(490,800)
Income tax calculated based on local tax rate	(168,529)	(98,160)
Net gains or losses on domestic investments accounted for using the equity method	4,972	(1,780)
Tax-exempt income	(3,566)	(1,938)
The tax impact of unrecognized loss deductions	171,439	44,571
Under (over) provision in prior periods	-	(2,287)
Non-deductible expenses and others	2,228	34,809
Income tax (profit) expenses	**$ 6,544**	**(24,785)**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
Tax effect of deductible temporary differences	**$ 216,010**	**44,571**

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. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the company can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2025 and 2024 were as follows:

	Defined benefit plans	Exchange differences on translation	Tax losses	Others	Total
Deferred tax assets:					
Balance on January 1, 2025	$ 4,445	8,882	44,572	6,208	64,107
Recognized in profit (loss)	(97)	-	(44,572)	205	(44,464)
Recognized in other comprehensive income	(4,348)	4,402	-	-	54
Balance on December 31, 2025	**$ -**	**13,284**	**-**	**6,413**	**19,697**
Balance on January 1, 2024	$ 8,040	10,637	16,423	8,429	43,529
Recognized in profit (loss)	372	-	28,149	(2,221)	26,300
Recognized in other comprehensive income	(3,967)	(1,755)	-	-	(5,722)
Balance on December 31, 2024	**$ 4,445**	**8,882**	**44,572**	**6,208**	**64,107**

(Continued)

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

	Defined benefit plans	Unrealized gains (losses) on financial assets	Share of other comprehensive income accounted for using the equity method	Overseas investment income accounted under the equity method	Others	Total
Deferred tax liabilities:						
Balance on January 1, 2025	$ -	14,058	27,459	84,921	1,588	128,026
Recognized in (profit) loss	-	-	-	(37,920)	-	(37,920)
Recognized in other comprehensive income	39,141	(14,058)	(4,889)	-	-	20,194
Balance on December 31, 2025	**$ 39,141**	**-**	**22,570**	**47,001**	**1,588**	**110,300**
Balance on January 1, 2024	-	28,367	43,918	80,890	1,817	154,992
Recognized in (profit) loss	-	-	-	4,031	(229)	3,802
Recognized in other comprehensive income	-	(14,309)	(16,459)	-	-	(30,768)
Balance on December 31, 2024	**$ -**	**14,058**	**27,459**	**84,921**	**1,588**	**128,026**

(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, 2025, the information of the Company's tax losses for which deferred tax assets has recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2024 (Estimate)	$ 445,715	2034
2025 (Estimate)	634,335	2035
	$ 1,080,050	

(iv) Assessment of tax

The tax returns of the Company for the years through 2022 were assessed by the Taipei National Tax Administration.

(m) Capital and other equity

(i) Ordinary shares

As of December 31, 2025 and 2024, the number of authorized ordinary shares were both $1,800,000 with a par value of $10 per share, and of which $1,372,818 were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2025	December 31, 2024
Additional paid-in capital	$ 520,206	520,206
Treasury share transactions	68,449	68,043
Other	1,241	1,241
	$ 589,896	**589,490**

(Continued)

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) Retained 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) Retained earnings－earnings distribution and dividend policy

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

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

(Continued)

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Based on the resolutions of the annual stockholders' meetings held on June 18, 2025 and June 6, 2024, the appropriations of dividends from the distributable retained earnings of 2024 and 2023, respectively, were as follows:

		2024		2023	
		Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders:					
Cash	$	0.30	**41,185**	0.43	**59,031**

(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, 2025 and 2024, since the subsidiary of the Company, Shan-Loong Investment, held a number of the ordinary shares of the Company, the Company accounted it under the treasury stock. The total shares and amounts were as follows:

	December 31, 2025		December 31, 2024	
	Shares (thousands)	**Amount**	**Shares (thousands)**	**Amount**
Shan-Loong Investment	**1,353**	**$ 31,863**	**1,353**	**31,863**
Fair value		**$ 18,069**		**23,144**

For the years ended December 31, 2025 and 2024, Shan-Loong Investment, received the cash dividend which were distributed by the Company, amounting to $406 and $582, respectively, which were recorded as capital surplus - treasury share transactions.

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(v) Other equity

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2025	$	(13,864)	529,897	516,033
Exchange differences on foreign operations		(17,608)	-	(17,608)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	(102,112)	(102,112)
Balance on December 31, 2025	$	**(31,472)**	**427,785**	**396,313**
Balance on January 1, 2024	$	(20,884)	1,236,411	1,215,527
Exchange differences on foreign operations		7,020	-	7,020
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	(707,074)	(707,074)
		-	560	560
Balance on December 31, 2024	$	**(13,864)**	**529,897**	**516,033**

(n) Earnings per share

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

	2025	2024
Basic earnings per share:		
Loss attributable to ordinary shareholders of the Company	$ **(849,190)**	**(466,015)**
Weighted average number of outsanding ordinary shares (thousands of shares)	**135,928**	**135,928**
Basic earnings per share (dollars)	$ **(6.25)**	**(3.43)**
Diluted earnings per share:		
Loss attributable to ordinary shareholders of the Company (after adjustment the influence of potential ordinary shares)	$ **(849,190)**	**(466,015)**
Weighted average number of outsanding ordinary shares (thousands of shares)	135,928	135,928
Employee share bonus	-	-
Diluted earnings per share (dollars)	$ **(6.25)**	**(3.43)**

Note: The Company incurred a net loss after tax for the year ended December 31, 2025 and 2024, and all potential common shares have no dilutive effect.

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(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	2025			
	Transportation segment	**Gasoline station segment**	**Other segment**	**Total**
Primary geographical markets:				
Taiwan	$ **403,831**	**6,714,831**	**374,705**	**7,493,367**

	2024			
	Transportation segment	**Gasoline station segment**	**Other segment**	**Total**
Primary geographical markets:				
Taiwan	$ **1,406,608**	**8,666,670**	**19,803**	**10,093,081**

(ii) Contract balances

	December 31, 2025	**December 31, 2024**	**January 1, 2024**
Notes and accounts receivable	$ 406,623	320,052	704,505
Less: allowance for impairment	(8,048)	(5,042)	(2,493)
	$ **398,575**	**315,010**	**702,012**
Contract liabilities – Unearned revenue	$ **216,008**	**108,238**	**35,270**

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.

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

Based on the Company's articles of incorporation amended on June 18, 2025, if the Company has any pre-tax earnings, no less than 1% shall be allocated as employee compensation based on the pre-tax earnings before the amount of employee compensation to be distributed is deducted. If there are any pre-tax earnings in the current year, the Company shall allocate no less than 1% to adjust the salaries or distribute compensation for grassroots employees. The aforementioned grassroots employees are non-managers with salary levels below the definition of grassroots employee salary levels as per the " SME Employee Salary Increase Expense Deduction and Addition Measures." But if the Company still has an accumulated loss, it shall reserve the recovery amount in advance. Employee compensation can be paid in stocks or cash, and the payment recipients may include employees of controlling or affiliated companies that meet certain conditions. The payment method and rate of employee remuneration shall be determined by the Board of Directors based on a resolution approved by more than two-thirds of the Directors present and more than half of the

(Continued)

attending Directors, and shall be reported to the Shareholders' Meeting. If the employees' remuneration mentioned in the preceding paragraph is distributed in shares and resolved by the Board of Directors, a resolution may be resolved to issue new shares or buy back the Company's shares in the same meeting.

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

The Company incurred a pre-tax net loss for the year ended December 31, 2025 and 2024, therefore, no remunerations to employees and directors were accrued. The amounts, as stated in the financial statements, were identical to those of the actual distributions in 2025 and 2024. Related information would be available at the Market Observation Post System Website.

(q) 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, 2025 and 2024, the accounts receivable amounted to $105,686 and $103,772, respectively, comes from one of the Company’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)(f).

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

		2025	2024
Balance on January 1 (same as balance on December 31)	$	13,100	13,100

(ii) Liquidity risk

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

		Carrying amount	Contractual cash flows	Within a year	1~2 years	Over 2 years
December 31, 2025						
Non-derivative financial liabilities						
Notes and accounts payable	$	701,781	(701,781)	(701,781)	-	-
Other payables		204,844	(204,844)	(204,844)	-	-
Lease liabilities		669,571	(704,245)	(183,666)	(142,480)	(378,099)
Long-term borrowings		3,520,000	(3,607,847)	(1,819,843)	(1,426,402)	(361,602)
Guarantee deposits received		6,902	(6,902)	(6,902)	-	-
	$	**5,103,098**	**(5,225,619)**	**(2,917,036)**	**(1,568,882)**	**(739,701)**
December 31, 2024						
Non-derivative financial liabilities						
Notes and accounts payable	$	641,869	(641,869)	(641,869)	-	-
Other payables		198,740	(198,740)	(198,740)	-	-
Lease liabilities		765,337	(803,362)	(196,619)	(165,417)	(441,326)
Long-term borrowings		2,850,000	(2,908,177)	(1,579,842)	(962,404)	(365,931)
Guarantee deposits received		6,869	(6,869)	-	-	(6,869)
	$	**4,462,815**	**(4,559,017)**	**(2,617,070)**	**(1,127,821)**	**(814,126)**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts, please refer to note (6)(i).

(iii) Currency risk

As of December 31, 2025 and 2024, the Company’s financial assets and liabilities were not exposed to significant foreign currency risks.

(iv) Interest rate analysis

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

		December 31, 2025	December 31, 2024
Variable rate instruments (Carrying amount):			
Financial assets	$	525,260	322,309
Financial liabilities		3,520,000	2,850,000

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

If the interest rate had increased or decreased by 0.25%, the Company' s net loss before tax would have decreased or increased by $7,487 for the year ended December 31, 2025; and the Company' s net loss before tax would have decreased or increased by $6,319 for the year ended December 31, 2024, which would be mainly resulted from the bank deposits and bank loans.

(v) Other market price risk

For the years ended December 31, 2025 and 2024, 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:

	2025		2024	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Profit before tax**	**Other comprehensive income before tax**	**Profit before tax**
Increasing 5%	**$ 18,903**	**-**	**22,821**	**-**
Decreasing 5%	**$ (18,903)**	**-**	**(22,821)**	**-**

(vi) Fair value of financial instruments

1) Procedure of valuation and Fair value hierarchy

The Company' s accounting policies and disclosure include fair value method on financial assets and financial liabilities. The Company' 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 Company uses observable market data to evaluate its assets and liabilities when it is possible. The different inputs of levels of fair value hierarchy in determining the fair value are as follows:

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

2) The categories and the fair value of financial instruments

The carrying amount and fair value of the Company’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, 2025				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stock listed on domestic markets	$ 335,208	335,208	-	-	335,208
Unquoted equity instruments	42,850	-	-	42,850	42,850
Subtotal	378,058				
Financial assets measured at amortized cost					
Cash and cash equivalents	545,745	-	-	-	-
Notes and accounts receivable, net	292,889	-	-	-	-
Notes and accounts receivable-related parties, net	105,686	-	-	-	-
Other current financial assets	17,408	-	-	-	-
Refundable deposits (recorded as other non-current assets)	141,483	-	-	-	-
Subtotal	1,103,211				
	$ 1,481,269				

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	December 31, 2025				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized costs					
Notes and accounts payable	$ 701,781	-	-	-	-
Other payables	204,844	-	-	-	-
Lease liabilities	669,571	-	-	-	-
Long-term borrowings	3,520,000	-	-	-	-
Guarantee deposits	6,902	-	-	-	-
	$ 5,103,098				

	December 31, 2024				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stock listed on domestic markets	$ 368,147	368,147	-	-	368,147
Unquoted equity instruments	88,279	-	-	88,279	88,279
Subtotal	456,426				
Financial assets measured at amortized cost					
Cash and cash equivalents	370,494	-	-	-	-
Notes and accounts receivable, net	211,203	-	-	-	-
Notes and accounts receivable-related parties, net	103,807	-	-	-	-
Other current financial assets (including current refundable deposits)	18,723	-	-	-	-
Refundable deposits (recorded as other non-current assets)	179,645	-	-	-	-
Subtotal	883,872				
	$ 1,340,298				
Financial liabilities measured at amortized costs					
Notes and accounts payable	$ 641,869	-	-	-	-
Other payables	198,740	-	-	-	-
Lease liabilities	765,337	-	-	-	-
Long-term borrowings	2,850,000	-	-	-	-
Guarantee deposits	6,869	-	-	-	-
	$ 4,462,815				

(Continued)

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

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

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

4) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

Financial instruments traded 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 Company which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of 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 Company for the years ended December 31, 2025 and 2024.

6) Reconciliation of Level 3 fair values

		Financial assets at fair value through other comprehensive income
		Unquoted equity instruments
Balance on January 1, 2025	$	88,279
Total gains and losses recognized:		
In other comprehensive income		(10,811)
Decrease		(34,618)
Balance on December 31, 2025	**$**	**42,850**
Balance on January 1, 2024	$	116,590
Total gains and losses recognized:		
In other comprehensive income		(25,371)
Decrease		(2,940)
Balance on December 31, 2024	**$**	**88,279**

For the years ended December 31, 2025 and 2024, 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:

		2025	2024
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”	$	(10,811)	(25,665)

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

The Company’ 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 Company which are categorized as equity investment instruments into level 3 have several significant unobservable inputs. Significant unobservable inputs of equity instruments without quoted price are independent of each other.

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Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income －unquoted equity instruments	Comparable transaction method	· Lack-of-Marketability discount rate (30%~47% and 30%~35%, respectively, on December 31, 2025 and 2024)	· The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
〃	〃	· Price-Book ratio (0.58~0.77 and 0.49~2.77, respectively, on December 31, 2025 and 2024)	· The higher the multiple is, the higher the fair value will be.
〃	〃	· EV/SALES (0.98~1.27 and 1.15~1.28, respectively, on December 31, 2025 and 2024)	· The higher the multiple is, the higher the fair value will be.
〃	〃	· EV/EBITDA (12.11 and 11.92, respectively, on December 31, 2025 and 2024)	· The higher the EBITDA multiple is, the higher the fair value will be.

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

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

	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2025				
Financial assets at fair value through other comprehensive income	Lack-of-Marketability discount rate	5%	$ 420	(426)
〃	Price-to-Book Ratio	5%	$ 110	(113)
〃	EV/SALES	5%	$ 288	(291)
〃	EV/EBITDA	5%	$ 21	(22)
December 31, 2024				
Financial assets at fair value through other comprehensive income	Lack-of-Marketability discount rate	5%	$ 1,820	(1,820)
〃	Price-to-Book Ratio	5%	$ 1,531	(1,529)
〃	EV/SALES	5%	$ 324	(324)
〃	EV/EBITDA	5%	$ 429	(426)

(Continued)

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.

(r) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company' 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 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.

The internal auditors of the Company 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 Company has no transactions in financial instruments for the purpose of speculation.

(iii) Credit risk

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

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company'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 Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

In order to mitigate account receivable credit risk, the Company constantly assesses the financial status of the customers, and requests the customers to provide guarantee or security if necessary. The Company 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 Company's finance department. The Company only deals with banks, corporate organization and financial institutions with good credit rating. The Company 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 Company's policy, it is only permissible to provide financial guarantees to the entities listed in the policy. As of December 31, 2025 and 2024, the guarantees both provided to the subsidiaries amounted to $150,000.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company'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 Company. Please refer to note 6(i) for the unused credit lines of bank loans as of December 31, 2025 and 2024.

(v) Market risk

Market risk is the risk that changes in market prices, such as interest rates, and equity prices, will affect the Company'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) Interest rate risk

The Company borrows funds on floating interest rate, therefore, the Company has the risk of cash flow.

2) Other market price risk

The Company 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 Company 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.

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(s) 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 and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shares.

The Company monitors capital structure through the regular review of the asset-debt ratio. As of December 31, 2025 and 2024, the debt ratios of the Company were as follows:

	December 31, 2025	December 31, 2024
Total liabilities	$ 5,493,847	4,760,079
Total assets	8,121,514	8,437,884
Debt-to-asset ratio	68 %	56 %

As of December 31, 2025, there were no changes in the Company' s approach of capital management.

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

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2025 and 2024, were as follows:

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

(ii) Reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes	
	January 1, 2025	Cash flows	Changes in lease payments	December 31, 2025
Long-term borrowings	$ 2,850,000	670,000	-	3,520,000
Guarantee deposits	6,869	33	-	6,902
Lease liabilities	765,337	(197,906)	102,140	669,571
Total liabilities from financing activities	**$ 3,622,206**	**472,127**	**102,140**	**4,196,473**

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	January 1, 2024	Cash flows	Non-cash changes: Changes in lease payments	December 31, 2024
Long-term borrowings	$ 2,050,000	800,000	-	2,850,000
Guarantee deposits	11,504	(4,635)	-	6,869
Lease liabilities	844,519	(203,437)	124,255	765,337
Total liabilities from financing activities	**$ 2,906,023**	**591,928**	**124,255**	**3,622,206**

(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 parent-company-only financial statements:

Name of related party	Relationship with the Company
Cheng Loong Corporation (Cheng Loong)	This Company is the corporate director of the Company
Shine Far Electromechanical Co., Ltd	This Company is the corporate director of the Company
Shine Far Construction Co., Ltd.	This Company is the corporate director of the Company
Shine Far Property Co., Ltd.	Its parent company is the corporate director of the Company
Gemtech Optoelectronics Corp.	The 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
Zhong Loong International Co., Ltd.(Zhong Loong)	The company and the mentioned company are substantive related parties (other related parties) (Note 1)
Jie Loong Traffic Enterprise Co., Ltd.(Jie Loong)	The company and the mentioned company are substantive related parties (other related parties) (Note 1)
Sun Favorite Co., Ltd.	Half of the directors of this company are the directors of the Company
Chung Ming Global Business Co., Ltd.	Its ultimate parent company is the corporate director of the Company
Chung Ming International Limited Taiwan Branch	Its ultimate parent company is the corporate director of the Company
Wen Gin Development Co., Ltd. (Wen Gin Development)	The relationship between the chairman of the Company and of this company is within second degree of kinship
Shan Loong Investment Co., Ltd. (Shan Loong Investment)	A subsidiary of the Company.

(Continued)

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

Name of related party	Relationship with the Company
Shan Loong International & Customs Broker Co., Ltd. (Shan Loong Customs Broker)	A subsidiary of the Company.
Shan Loong Motors Co., Ltd. (Shan Loong Motors)	A subsidiary of the Company.
Shang-Loong International holding Co., LTD. (Shang-Loong International)	A subsidiary of the Company.
Long Yun Investment Holding Co,Ltd. (Long Yun)	A subsidiary of the Company.
Loong De Investment Co., Ltd. (Loong De)	A subsidiary of the Company.
Shanghai Shan Tong Logistic Co., Ltd. (Shanghai Shan Tong)	A subsidiary of the Company.
Shan-Loong Logistics Co., Ltd.	A subsidiary of the Company.

Note 1: The company discloses these companies as other related parties, please refer to notes(12)(b).

(b) Significant transactions with related parties

(i) Sales

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

	Sales	
	2025	**2024**
Other related parties-Cheng Loong	$ 605,826	897,418
Other related parties-Zhong Loong	-	22,409
Other related parties-Jie Loong	-	5,181
Other related parties	5,044	6,587
Subsidiaries	2,255	3,052
Associates	1,178	572
	$ 614,303	**935,219**

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

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

(ii) Receivables from related parties

The receivables from related parties were as follows:

Account	Related-party categories	December 31, 2025	December 31, 2024
Accounts receivables	Other related parties -Cheng Loong	$ 105,686	103,767
〃	Other related parties	-	5
〃	Associates	-	35
		$ 105,686	103,807

Account	Related-party categories	December 31, 2025	December 31, 2024
Other receivables (recorded as other current financial assets)	Other related parties	$ -	581
〃	Other related parties -Cheng Loong	21	-
〃	Other related parties -Zhong Loong	-	17
〃	Subsidiaries	287	198
〃	Associates	-	190
		$ 308	986

(iii) The costs and expenses paid to related parties

The costs and expenses (including variable lease payments) paid to related parties were as follows:

Account	Relationship	2025	2024
Operating costs and operating expenses	Other related parties	$ 37,160	38,450
〃	Other related parties -Zhong Loong	6,341	161,065
〃	Other related parties -Jie Loong	-	19,891
〃	Subsidiaries -Shan Loong Motors	73,621	126,753
〃	Associates	43,743	16,040
		$ 160,865	362,199

(Continued)

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

(iv) Property transactions

1) Purchases of property, plant and equipment

The Company purchased the transportation equipment from the related parties and engaged related parties to engineer the facilities at the gas stations. The total price was as follows:

	Total price	
	2025	**2024**
Subsidiaries—Shan Loong Motors	$ 4,601	8,066
Associates	22,239	132,055
	$ 26,840	**140,121**

2) The associates provided system integration development services to the Company. Since the development project has not been fully completed, the prepayments for business facilities of $8,687 and $15,569 as of December 31, 2025 and 2024, respectively, had been recognized as other non-current assets.

3) Disposal of transportation equipment

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

	Total price		Other receivables from related parties	
	2025	**2024**	**December 31, 2025**	**December 31, 2024**
Associates	**$ -**	**220**	**-**	**190**

For the years ended December 31, 2025 and 2024, the loss on disposal of transportation equipment amounted to $0 and $(161), respectively.

(v) Payable to related parties

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

Account	**Relationship**	**December 31, 2025**	**December 31, 2024**
Accounts payable	Other related parties	$ 983	98
〃	Other related parties -Zhong Loong	6,452	49
〃	Other related parties -Jie Loong	827	827
〃	Associates	-	11,244
		$ 8,262	**12,218**

(Continued)

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

Account	Relationship	December 31, 2025	December 31, 2024
Other payables	Other related parties	$ 87	117
〃	Subsidiaries	7,857	10,024
〃	Associates	1,590	-
		$ 9,534	**10,141**

(vi) Lease

1) Lessee

The Company 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, 2025	**December 31, 2024**	**2025**	**2024**
Other related parties－Cheng Loong	**$ 21,097**	**10,737**	**418**	**195**

2) Lessor

The Company rented out the office building to its subsidiaries. The details of the above lease transactions are as follows:

	Rental income (recorded as other income)		**Other receivables from related parties**	
	2025	**2024**	**December 31, 2025**	**December 31, 2024**
Subsidiaries	**$ 1,864**	**1,600**	**-**	**-**

(vii) Dividend income

The dividend income of related parties were as follows:

Relationship	2025	2024
Other related parties-Cheng Loong	$ 8,719	9,688
Other related parties-Gemtech Optoelectronics	9,110	-
	$ 17,829	**9,688**

(viii) Guarantees

As of December 31, 2025 and 2024, the guarantees provided to subsidiaries were both $150,000.

(Continued)

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

(ix) Provide guarantees

The Company credit borrowing is jointly and severally guaranteed by the Chairman of the Company.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2025	2024
Short-term employee benefits	$ 27,785	28,785
Post-employment benefits	159	421
	$ 27,944	29,206

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2025	December 31, 2024
Financial assets at fair value through other comprehensive income	Long-term borrowings	$ 335,208	-
Property, plant and equipment－land	〃	90,562	90,562
Property, plant and equipment－buildings	〃	8,402	9,418
Refundable deposits (deposit certificate, recorded as other non-current assets)	Deposits for performance guarantee	27,736	53,035
		$ 461,908	153,015

(9) Significant commitments and contingencies:

(a) As of December 31, 2025 and 2024, the Company's unrecognized contractual commitments for gas station engineering, office renovation and computer information system amounted to $76,287 and $58,332, respectively.

(b) As of December 31, 2025 and 2024, the Company had outstanding stand-by letters of credit provided by the banks totaling $1,860,000 and $2,110,000, respectively, for purposes of gasoline purchase and transportation, etc.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(Continued)

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

(12) Others:

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

By function / By item	2025			2024		
	Operating cost	Operating Expenses	Total	Operating cost	Operating Expenses	Total
Employee benefits						
Salary	122,443	532,736	655,179	160,174	493,896	654,070
Labor and health insurance	12,033	57,435	69,468	18,298	58,874	77,172
Pension	6,022	26,941	32,963	9,404	27,797	37,201
Remuneration of directors	-	8,640	8,640	-	7,840	7,840
Others	509	15,158	15,667	915	18,442	19,357
Depreciation	88,930	362,234	451,164	119,018	319,270	438,288
Amortization	-	32,881	32,881	-	28,092	28,092

For the years ended December 31, 2025 and 2024, the information about number of employees and employee benefit expenses of the Company is as follows:

	2025	2024
Number of employees	1,087	1,268
Number of directors (non-employees)	6	6
Average employee benefit expenses	$ 715	624
Average salary expenses	$ 606	518
Percentage of change in average salary expense of employees	16.99 %	
Remuneration for supervisors	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) is as follows:

(i) The remuneration to managers and employees is divided into fixed and variable salaries. Fixed salary is paid monthly regardless of profit or loss. On the other hand, variable salary is employee remuneration, development bonus, and year-end performance bonus, which are determined based on the contribution of the Company, the overall environment, and market standards that reflect the performance of the job.

(ii) The directors who conduct the Company's business shall receive the remuneration regardless of the operating profit or loss. The Board approves the directors' remuneration, which is determined based on the extent and value of the service provided for the management of the Company and the peer industry level.

(b) On February 20, 2025, investigative authorities conducted a search and seizure on the Company, requesting cooperation from its Chairman, Jen-Hong Cheng (the Chairman), and others for investigation. According to news reports on February 21, 2025, after questioning, the prosecutor charged the Chairman with irregular transactions under the Securities Exchange Act and violations of the Business Accounting Act, setting bail at $3,000. Eight company executives were also granted bail ranging from $50 to $150. As of Mar 12, 2026, the investigation has yet to be concluded.

(Continued)

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

To protect its shareholder profits, the Company conducted an internal review and discovered that certain vendors had management personnel holding shares and safeguarding financial seals, classifying them as substantive related parties (please refer to note (7)). Transactions with these vendors have been disclosed as related party transactions and prior financial statements have been corrected accordingly. Due to the confidentiality of the investigation, this handling may not be final. The Company will take appropriate actions following judicial clarification.

Additionally, news reports mentioned that the personnel involved may have engaged in irregular transactions, embezzlement, and breach of trust. As the Company lacks judicial investigative authority and due to the confidentiality of the investigation, the facts and legal responsibilities will be clarified by investigative and judicial authorities before the Company takes corresponding measures.

The Company will fully cooperate with the investigation and plans to commission external experts to assist the matter, such as analyzing the reasonableness of related party procurement prices to protect shareholder profits. Currently, the Company's finances and operations remain normal, and the investigation has not significantly impacted the Company's operations.

(Continued)

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

(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 Company for the year ended December 31, 2025.

(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										
1	Shan-Loong Investment	The Company	Note 3	1,576,600	400,000	400,000	-	400,000	15.22 %	3,941,501	N	Y	N
2	Shan-Loong Customs Broker	The Company	Note 3	1,576,600	100,000	100,000	-	100,000	3.80 %	3,941,501	N	Y	N
3	ShanLoong International Holdings Co.Ltd	The Company	Note 3	1,576,600	314,300	314,300	-	314,300	11.96 %	3,941,501	N	Y	N

Note 1: Subsidiaries are sorted in a numerical order starting from 1.
Note 2: The total amount of endorsements shall not exceed 150% of the Company's net assets, and the endorsements for a single company shall not exceed 60% of the Company's net assets.
Note 3: Subsidiary whose over 50% common stock is directly or indirectly owned.

(iii) Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
	Stock:							
The Company	Cheng Loong Corporation	Cheng Loong is the corporate director of the Company	Non-current financial assets at fair value through other comprehensive income	19,376	335,208	1.75%	335,208	
〃	Gemtech Optoelectronics Corp.	The relationship between the chairman of the Company and of this company is within second degree of kinship	〃	182	11,001	19.29%	11,001	
〃	Cheng Loong Investment Co., Ltd.	-	〃	600	17,731	4.62%	17,731	
〃	Yueh Loong Co.,Ltd.	-	〃	323	5,227	10.78%	5,227	
〃	Shine Far Co., Ltd.	-	〃	270	8,891	0.87%	8,891	
	Stocks:							

(Continued)

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

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Shan Loong Investment Co., Ltd.	Cheng Loong Corporation	-	Non-current financial assets at fair value through other comprehensive income	31,819	550,463	2.87%	550,463	
〃	Shan Loong Transportation Co., Ltd.	Parent company	〃	1,353	18,069	0.99%	18,069	
〃	Cheng Loong investment Co., Ltd.	-	〃	1,200	35,424	9.23%	35,424	
〃	Yueh Loong Co., Ltd.	-	〃	29	462	0.95%	462	
	Stocks:							
Shan Loong Customs Broker	Cheng Loong Corporation	-	Non-current financial assets at fair value through other comprehensive income	7,155	123,782	0.65%	123,782	
Shan-Loong Internationl	Chung Loong Paper Holdings Limited	-	〃	1,339	217,436	5.00%	217,436	

(iv) 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	(605,826)	(8.08) %	20-80 days	There is no difference to those of the third-party	No difference	Accounts receivable 105,686	26.00%	
Shan Loong Customs Broker	Cheng Loong	Cheng Loong is the corporate director of the Company	Customs agent revenue	(130,110)	(53.78) %	60 days	〃	〃	Accounts receivable 12,427	40.69%	
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	(202,095)	(45.36) %	60 days	〃	〃	Accounts receivable 24,252	48.15%	

(v) 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	105,686	5.78	-		Accounts receivable 105,686	-

Note : Information as of March 5, 2026.

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

(b) Information on investees:

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

(In thousands of shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2025 (Note 1)	Original investment amount December 31, 2024 (Note 1)	Balance as of ending of the period Shares	Percentage of ownership	Carrying value (Note 1)	Net income (losses) of investee (Note 2)	Share of profits /losses of investee (Note 2)	Note
The Company	Shan-Loong Investment	New Taipei City	Investing activities	400,000	400,000	40,000	100.00%	626,358	13,663	13,256	Subsidiary company
〃	Shan Loong Customs Broker	Keelung	Import and export agent services	131,000	131,000	13,100	100.00%	259,795	17,349	17,349	〃
〃	Shan-Loong International	British Virgin Islands	Investing activities	315,777 (USD10,047 thousand)	315,777 (USD10,047 thousand)	10,047	100.00%	721,088	14,902	14,902	〃
〃	Shang Loong Motors	New Taipei CIty	Truck repair, maintenance and sales	270,000	270,000	27,000	100.00%	199,775	(59,472)	(55,826)	〃
〃	Ko Loong Industry	New Taipei CIty	Synthetic resin and plastic manufacturing	31,265	31,265	2,134	20.92%	57,148	1,716	359	-
								1,864,164		**(9,960)**	
Shan-Loong International	Long Yun	Samoa	Investing activities	25,804 (USD821 thousand)	25,804 (USD821 thousand)	821	100.00%	32,067	(5,215)	Investment gains and losses recognized by its parent company	Subsidiary company
〃	Loong De	Samoa	Investing activities	32,059 (USD1,020 thousand)	32,059 (USD1,020 thousand)	1,020	100.00%	105,282	7,374	〃	〃
Loong De	Shan-Loong Logistics Co., Ltd.	Vietnam	Warehousing, freight transportation and related agent	32,059 (USD1,020 thousand)	32,059 (USD1,020 thousand)	-	51.00%	36,969	18,258	〃	〃

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.

(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 Outflow	Investment flows Inflow (Note 4)	Accumulated outflow of investment from Taiwan as of ending of the period	Percentage of ownership	Net income (losses) of the investee (Note 5)	Investment income (losses) (Note 5)	Book value (Note 4)	Accumulated remittance of earnings in current period
Shanghai Shan Tong	Warehousing, freight transportation and related agent	22,480 (RMB5,000 thousand) (Note 6)	(Note 1)	44,404 (USD812 thousand and RMB4,200 thousand)	-	-	44,404 (USD812 thousand and RMB4,200 thousand)	60.00%	150	90	31,421	-

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 Company recognized its investment profit and loss in Shanghai Shan Tong based on the investees' self-reported financial statements.
Note4: The amounts of New Taiwan Dollars were exchange by the closing rates on the reporting date.
Note5: The amounts of New Taiwan Dollars were exchange by the average rates on the reporting date.
Note6: 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

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

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
44,404 (USD812 thousand and RMB4,200 thousand)	44,404 (USD812 thousand and RMB4,200 thousand)	1,576,600

(iii) Significant transactions: None

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2025.

Shan-Loong Transportation Co., Ltd.

Statement of cash and cash equivalents

December 31, 2025

(Expressed in thousands of New Taiwan Dollars; in thousands of foreign currency)

Item	Description	Amount
Petty cash and revolving funds		$ 4,739
Checking accounts		15,746
Demand deposits		525,187
Foreign currency deposits	USD 0.1, Exchange rate 31.43	4
〃	CNY 15, Exchange rate 4.496	69
		541,006
		$ 545,745

Shan-Loong Transportation Co., Ltd.

Statement of notes and accounts receivable

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Client Name	Description	Amount
Notes receivable:		
Wei Chih Steel Industrial Co., Ltd.	Revenue	$ 1,193
Hong Lin Oil Products Co., Ltd	〃	967
Pao Wang Transportation Co., Ltd	〃	271
Others (Note 3)	〃	559
Accounts receivable:		
Gold Lion Oil Products Co., Ltd	Revenue	16,169
Lian Cang Transportation Co., Ltd.	〃	13,139
KNH Enterprise Co., Ltd.	〃	10,242
CPC Corporation, Taiwan	〃	9,114
Others (Note 3)	〃	249,283
Less: allowance for uncollectible accounts		(8,048)
		$ 292,889

Note 1: Notes and accounts receivable due from related parties are not included in the above information, the details please refer to note (7).
Note 2: The amount of individual client included in others does not exceed 5% of the account balance.

Statement of inventories

Item	Cost	Net Realizable Value
Premium Diesel	$ 44,111	44,912
Unleaded Gasoline #92	30,204	32,045
Unleaded Gasoline #95	46,103	49,862
Unleaded Gasoline #98	22,974	24,094
	$ 143,392	**150,913**

Shan-Loong Transportation Co., Ltd.

Statement of other current assets

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Dividend receivable		$ 212,823
Others (Note)		54,470
		$ 267,293

Note : The amount of individual client included in others does not exceed 5% of the account balance.

Shan-Loong Transportation Co., Ltd.

Statement of changes in property, plant and equipment

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Please refer to note (6)(g).

Statement of changes in right-of-use assets

Please refer to note (6)(h).

Shan-Loong Transportation Co., Ltd.

Statement of changes in intangible assets

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Amortization	Ending balance	Notes
System and Computer Software	$ 161,677	11,055	(44)	32,881	139,807	Straight-line basis amortization

Shan-Loong Transportation Co., Ltd.

Statement of non-current financial assets measured at fair value through other comprehensive income

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Increase		Decrease (note)		Financial assets	Ending balance		
Investee Company	Number of shares	Fair value	Number of shares	Amount	Number of shares	Amount	Valuation adjustment	Number of shares	Fair value	Collaterals or pledged assets
Cheng Loong	19,376	$ 368,147	-	-	-	-	(32,939)	19,376	335,208	None
Gemtech Optoelectronics Corp.	3,644	54,478	-	-	3,462	34,618	(8,859)	182	11,001	〃
Cheng Loong Investment Co., Ltd.	600	19,123	-	-	-	-	(1,392)	600	17,731	〃
Yueh Loong Co., Ltd.	323	5,625	-	-	-		(398)	323	5,227	〃
Shine Far Co., Ltd.	270	9,053	-	-	-	-	(162)	270	8,891	〃
		$ 456,426		**-**		**34,618**	**(43,750)**		**378,058**	

Note: Gemtech Optoelectronics Corp. carried out a capital reduction and returned capital of $34,618 thousand in 2025.

Shan-Loong Transportation Co., Ltd.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars and thousands of shares)

	Beginning balance		Increase (decrease)				Other adjustment		Ending balance				
Investee Companies	Number of shares	Amounts	Number of shares	Amounts	Share of profits (losses) recognized	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Number of shares	Amounts	Number of shares	Percentage of ownership	Amounts	Net value as of December 31, 2025	Collaterals or pledged assets
Shan Loong Investment	40,000	$ 668,739	-	-	13,256	(41,726)	-	(13,911) (Note 1)	40,000	100.00 %	626,358	644,427	None
Shan Loong Customs Broker	131,000	267,978	-	-	17,349	(9,186)	-	(16,346) (Note 2)	131,000	100.00 %	259,795	259,795	〃
Shan Loong International	10,047	934,801	-	-	14,902	(24,445)	-	(204,170) (Note 3)	10,047	100.00 %	721,088	721,088	〃
Shan Loong Motors	27,000	255,601	-	-	(55,826)	-	-	- (Note 4)	27,000	100.00 %	199,775	205,084	〃
Ko Loong	2,134	59,103	-	-	359	(1,951)	-	(363) (Note 5)	2,134	20.92 %	57,148	57,148	〃
		$ 2,186,222		-	(9,960)	(77,308)		(234,790)			1,864,164		

Note 1: The changes included the cash dividends amounting to $406 from the Company, and the cash dividends amounting to $14,317 distributed from the investee companies.
Note 2: The changes included the cash dividends distributed from the investee companies amounting to $16,346.
Note 3: The changes included the cash dividends distributed from the investee companies amounting to $182,160, and the exchange differences on translation of foreign financial statements amounting to $(22,010).
Note 4: none.
Note 5: The changes included the cash dividends distributed from the investee companies amounting to $363.

Shan-Loong Transportation Co., Ltd.

Statement of other non-current assets

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Refundable deposits	Performance guarantee and rental deposits	$ 141,483
Prepayment for equipments	Acquisition of equipment	9,684
		$ 151,167

Statement of notes and accounts payable

Item	Description	Amount
Notes payable:		
Others (note)	Operating cost of non-related parties	$ 1
Accounts payable:		
CPC Corporation, Taiwan	Operating cost of non-related parties	485,158
Formosa Petrochemical Corporation	〃	140,686
Others (note)	Operating cost of related parties and non-related parties	75,937
		$ 701,782

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

Shan-Loong Transportation Co., Ltd.

Statement of other payables

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Payroll and bonuses payable	Payroll, estimated year-end bonuses and compensation of vacation pay	$ 92,531
Indemnity payables	Estimated litigation losses	9,300
Other (note)	Labor and health insurance, pensions, utilities, value-added business tax, and professional service fees, etc.	103,013
		$ 204,844

Note: The amount of each item included in others does not exceed 5% of the account balance.

Shan-Loong Transportation Co., Ltd.

Statement of lease liabilities

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Lease term	Discount rate	Ending balance
Land	1-26 years	1.37%~1.943%	$ 160,437
Buildings	1-17 years	1.37%~1.943%	508,626
Other equipment	5-12 years	1.37%	508
			$ 669,571

Shan-Loong Transportation Co., Ltd.

Statement of other current liabilities

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Temporary Receipts		$ 2,078
Other Payables-NHI		3,500
Other Payables-Client		9,941
Others (Note)		212
		$ 15,731

Note: The amount of each item included in others does not exceed 5% of the account balance.

Statement of long-term borrowings

Creditor	Nature	Amount	Contract period	Interest rate	Collaterals or pledged assets
CTBC Bank	Working Capital	$ 300,000	114.12~115.03	2.18 %	Financial assets at fair value through other comprehensive income
First Bank	〃	500,000	114.06~116.06	2.13 %	Land and buildings
SCSB Bank	〃	170,000	114.11~115.11	2.200 %	〃
TCB Bank	〃	91,600	113.06~118.06	2.078 %	〃
TCB Bank	〃	258,400	113.08~118.10	2.078 %	〃
E.SUN Bank	〃	100,000	114.07~116.07	2.12 %	-
KGI Bank	〃	250,000	114.10~116.10	2.15 %	-
Hua Nan Commercial Bank	〃	100,000	113.04~115.04	2.12 %	-
Hua Nan Commercial Bank	〃	200,000	114.08~116.08	2.12 %	-
Shin Kong Bank	〃	250,000	112.12~116.03	2.378 %	-
Panhsin Bank	〃	700,000	114.12~115.01	2.30 %	-
Land Bank	〃	200,000	113.03~115.03	2.09 %	-
Cathay United Bank	〃	300,000	114.05~115.05	2.25 %	-
Mega Bank	〃	100,000	114.06~116.05	2.31 %	-
		3,520,000			
Less: current portion		(1,770,000)			
		$ 1,750,000			

Shan-Loong Transportation Co., Ltd.

Statement of operating revenue

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Revenue:	
Gasoline station revenue	$ 6,714,831
Transportation revenue	407,786
Others (note)	374,705
	7,497,322
Less: sales allowance	(3,955)
Net operating revenue	**$ 7,493,367**

Note: The amount of each item included in others does not exceed 5% of the account balance.

Statement of operating costs

Item	Amount
Cost of gasoline station	$ 6,329,142
Cost of transportation	465,618
Others (note)	173,490
	$ 6,968,250

Note: The amount of each item included in others does not exceed 5% of the account balance.

Shan-Loong Transportation Co., Ltd.

Statement of operating expenses

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Itme		Selling expenses	Administrative expenses
Payroll expenses	$	195,464	337,272
Insurance expenses		25,221	42,978
Depreciation		237,465	124,769
Service fee		80	60,430
Others (note)		21,778	254,680
	$	**480,008**	**820,129**

Note: The amount of each item included in others does not exceed 5% of the account balance.

Statement of non-operating income and expenses

Item	Description		Amount
Shares of profit (loss) of investments accounted for using equity method		$	(9,960)
Loss on disposals of property, plant and equipment			(9,272)
Dividend income			17,829
Interest income			2,801
Other income (note)	Rental income and others, etc.		25,957
Other gains and losses, net (note)	Foreign exchange gains or losses, and lease modification gains		150
Interest expense			(77,534)
Other expenses (note)	Handling change of performance guarantee for gasoline purchase from CPC and FPCC, expenditure for compensation, and others, etc.		(12,721)
		$	**(62,750)**

Note: The amount of each item included in others does not exceed 5% of the account balance.