

**PAN GERMAN UNIVERSAL MOTORS LTD.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
For the Years Ended December 31, 2024 and 2023**

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REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Pan German Universal Motors Ltd. and subsidiaries as of and for the year ended December 31, 2024, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Pan German Universal Motors Ltd. and subsidiaries and Subsidiaries do not prepare a separate set of combined financial statements.

Company Name: Pan German Universal Motors Ltd.

CEO: Mu-Lien, Tang

March 12, 2025

Independent Auditors' Report

To the board of directors of Pan German Universal Motors Ltd.:

Opinion

We have audited the accompanying consolidated balance sheets of Pan German Universal Motors Ltd. and its subsidiaries (the “Group”) as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for audit 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 Auditing Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and proper to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group’s 2024 consolidated financial statements. These matters were addressed in the context of our audit of consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recognition of revenue generated from sale of used cars

The Auditing Standards presets sales revenue as a material audit risk. With the easing of the global chip shortage, the production capacity of new cars in the automotive industry has stabilized. However, used cars remain a type of revenue that Pan German Universal Motors Ltd. has focused on developing in recent years. Therefore, we have identified the recognition of the revenue generated from sale of used cars as a key audit matter. For related accounting policies, please refer to Note 4, Summary of Key Accounting Policies(11) in the consolidated financial statements.

We have gained an understanding of both the design and implementation of the internal control system for the recognition of the revenue generated from sale of used cars, and sampled vouchers with respect to the revenue generated from sale of used cars to review the recognition of such revenue and verify related sales documents to ascertain the occurrence of revenue recognition.

Other Matters

Pan German Universal Motors Ltd. has prepared the parent-company-only financial statements for the years ended December 31, 2024 and 2023, which have been audited by us with an unqualified opinion for reference.

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

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee and Standard Interpretations Committee's Interpretations as endorsed by the Financial Supervisory Commission, management is responsible for the preparation and fair presentation of consolidated financial statements for internal control as deemed necessary to be free from material misstatement, whether due to fraud or error.

In preparing consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing relevant matters as applicable as the basis of accounting unless management intends to liquidate the Group, cease operations, or has no realistic alternatives.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess risks of material misstatement due to fraud or error, design and perform audit procedures, and obtain sufficient and proper evidence as basis for our opinions. 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 controls.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the properness of management's usage of the going concern basis of accounting and whether a material uncertainty on events or conditions based on evidence may cast significant doubt on the Group's ability to continue as a going concern. If such a material uncertainty exists, we are required to draw attention in our auditors' report to disclosures or, if inadequate, to modify our opinion. Our conclusions are based on evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease as a going concern.
5. Evaluate the overall presentation, structure, and content, including the disclosures, and whether underlying transactions and events are represented in a fair manner.
6. Obtain sufficient proper audit evidence on the financial information of Group entities or business activities to express an opinion. Our auditor is responsible for directing, supervising, and executing the audit of the Group, and is responsible for forming the audit opinion of the Group.

We communicate with those charged with governance on the planned scope and timing of the audit and key findings, including deficiencies in internal control identified.

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.

Key audit matters are determined by the auditors from the matters communicated with those charged with governance in the audit of the Group's 2024 consolidated financial statements. 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.

Deloitte & Touche Taiwan

CPA:Shih, Chin-Chuang

CPA:Liu, Shu-Ling

March 12, 2025

Notice to Readers

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

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

PAN GERMAN UNIVERSAL MOTORS LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(In Thousands of NTD)

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6 and 24)	\$ 2,922,555	13	\$ 6,505,047	29
1136	Current financial assets at amortized cost (Notes 4, 8, 24 and 26)	5,400	-	505,400	2
1150	Notes receivable, net (Notes 4, 9, 24 and 25)	7,523	-	3,511	-
1170	Accounts receivable, net (Notes 4, 9, 24 and 25)	489,563	2	405,520	2
1200	Other receivables (Notes 24 and 25)	701,909	3	578,508	3
130X	Inventories (Notes 4 and 10)	6,810,431	30	4,749,381	21
1421	Prepayments to suppliers (Note 25)	2,174,622	9	1,070,416	5
1470	Prepaid expenses and other current assets (Note 25)	106,444	-	90,560	-
11XX	Total current assets	<u>13,218,447</u>	<u>57</u>	<u>13,908,343</u>	<u>62</u>
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income (Notes 4, 7 and 24)	29,674	-	29,674	-
1535	Non-current financial assets at amortized cost (Notes 4, 8, 24 and 26)	92,165	1	88,943	1
1600	Property, plant and equipment (Notes 4, 12, 20 and 25)	5,527,989	24	5,148,989	23
1755	Right-of-use assets (Notes 4, 13 and 25)	2,831,640	12	2,915,660	13
1821	Intangible assets (Note 4)	1,992	-	1,654	-
1840	Deferred tax assets (Notes 4 and 21)	28,596	-	33,291	-
1915	Prepayments for business facilities (Note 25)	1,222,957	5	3,909	-
1920	guarantee deposits paid (Note 24)	105,062	1	99,775	1
1984	Other non-current financial assets (Note 24)	1,380	-	1,380	-
1995	Long-term prepaid expenses	25,358	-	26,093	-
15XX	Total non-current assets	<u>9,866,813</u>	<u>43</u>	<u>8,349,368</u>	<u>38</u>
1XXX	Total assets	<u>\$ 23,085,260</u>	<u>100</u>	<u>\$ 22,257,711</u>	<u>100</u>
	Liability and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 14 and 24)	\$ 700,000	3	\$ -	-
2130	Contract liabilities - current (Notes 19 and 25)	3,684,511	16	4,269,248	19
2150	Notes payable (Notes 15, 24 and 25)	4,532	-	13,129	-
2170	Accounts payable (Notes 15 and 24)	88,719	-	127,088	1
2180	Accounts payable to related parties (Notes 15, 24 and 25)	497,288	2	322,362	1
2200	Other payables (Notes 16, 24 and 25)	1,194,186	5	941,724	4
2230	Current tax liabilities (Notes 4 and 21)	257,387	1	264,144	1
2280	Lease liabilities - current (Notes 4, 13, 24 and 25)	354,898	2	354,639	2
2399	Other current liabilities	144,938	1	146,716	1
21XX	Total current liabilities	<u>6,926,459</u>	<u>30</u>	<u>6,439,050</u>	<u>29</u>
	Non-current liabilities				
2550	Other non-current liabilities	61,660	-	61,660	-
2580	Lease liabilities - non-current (Notes 4, 13, 24 and 25)	2,774,369	12	2,888,022	13
2640	Net defined benefit liabilities - non-current (Notes 4 and 17)	28,277	-	57,018	-
25XX	Total non-current liabilities	<u>2,864,306</u>	<u>12</u>	<u>3,006,700</u>	<u>13</u>
2XXX	Total liability	<u>9,790,765</u>	<u>42</u>	<u>9,445,750</u>	<u>42</u>
	Equity attributable to owners of the company equity (Note 18)				
3110	Ordinary share	807,087	4	807,087	4
3200	Capital surplus	4,269,075	19	4,269,075	19
	Retained earnings				
3310	Legal reserve	1,243,213	5	1,064,283	5
3350	Unappropriated retained earnings	6,947,621	30	6,647,844	30
3300	Total retained earnings	8,190,834	35	7,712,127	35
3400	Other equity interest	27,499	-	23,672	-
3XXX	Total equity	<u>13,294,495</u>	<u>58</u>	<u>12,811,961</u>	<u>58</u>
	Total liabilities and equity	<u>\$ 23,085,260</u>	<u>100</u>	<u>\$ 22,257,711</u>	<u>100</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

PAN GERMAN UNIVERSAL MOTORS LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2024 and 2023

(In thousands of NTD, except for earnings per share)

Code		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue net (Notes 4, 19 and 25)	\$ 57,639,595	100	\$ 50,849,365	100
5000	Operating costs (Notes 10, 20 and 25)	<u>51,236,662</u>	<u>89</u>	<u>44,948,954</u>	<u>88</u>
5900	Gross profit from operations	<u>6,402,933</u>	<u>11</u>	<u>5,900,411</u>	<u>12</u>
	Operating expenses (Notes 9, 17, 20 and 25)				
6100	Selling expenses	3,860,153	7	3,509,479	7
6200	Administrative expenses	227,856	-	219,362	-
6450	Expected credit loss	<u>416</u>	<u>-</u>	<u>458</u>	<u>-</u>
6000	Total operating expenses	<u>4,088,425</u>	<u>7</u>	<u>3,729,299</u>	<u>7</u>
6500	Other income and net expenses (Notes 4 and 20)	<u>25,955</u>	<u>-</u>	<u>21,874</u>	<u>-</u>
6900	Net operating profit	<u>2,340,463</u>	<u>4</u>	<u>2,192,986</u>	<u>5</u>
	Non-operating income and expenses				
7100	Interest revenue	32,176	-	31,804	-
7110	Rent income	4,265	-	4,638	-
7190	Other income (Note 25)	85,055	-	57,027	-
7510	Interest expense (Notes 20 and 25)	(38,498)	-	(41,487)	-
7590	Miscellaneous disbursements	<u>(1)</u>	<u>-</u>	<u>(408)</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>82,997</u>	<u>-</u>	<u>51,574</u>	<u>-</u>

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Code		2024		2023	
		Amount	%	Amount	%
7900	Profit before tax	\$ 2,423,460	4	\$ 2,244,560	5
7950	Income tax expense (Notes 4 and 21)	<u>491,996</u>	<u>1</u>	<u>455,261</u>	<u>1</u>
8200	Net profit	1,931,464	3	1,789,299	4
8300	Other comprehensive income, net				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (Notes 4, 17 and 18)	<u>3,827</u>	<u>-</u>	<u>2,123</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 1,935,291</u>	<u>3</u>	<u>\$ 1,791,422</u>	<u>4</u>
	Profit, attributable to:				
8610	Owners of the Company	<u>\$ 1,931,464</u>	<u>3</u>	<u>\$ 1,789,299</u>	<u>4</u>
	Comprehensive income attributable to:				
8710	Owners of the Company	<u>\$ 1,935,291</u>	<u>3</u>	<u>\$ 1,791,422</u>	<u>4</u>
	Earnings per share (Note 22)				
9750	Basic	<u>\$ 23.93</u>		<u>\$ 22.17</u>	
9850	Diluted	<u>\$ 23.93</u>		<u>\$ 22.17</u>	

The accompanying notes are an integral part of the Consolidated Financial Statements.

PAN GERMAN UNIVERSAL MOTORS LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2024 and 2023

(In Thousands of NTD)

Code		Share capital		Capital surplus	Retained earnings		Other equity interest	Total equity
		Shares (thousands shares)	Amount		Legal reserve	Unappropriated retained earnings	Remeasurement of defined benefit plans	
A1	Balance on January 01, 2023	80,709	\$ 807,087	\$ 4,269,075	\$ 916,780	\$ 6,216,679	\$ 21,549	\$ 12,231,170
	2022 earning appropriation							
B1	Legal reserve appropriated	-	-	-	147,503	(147,503)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(1,210,631)	-	(1,210,631)
D1	2023 net profit	-	-	-	-	1,789,299	-	1,789,299
D3	2023 other comprehensive income	-	-	-	-	-	2,123	2,123
Z1	Balance on December 31, 2023	80,709	807,087	4,269,075	1,064,283	6,647,844	23,672	12,811,961
	2023 earning appropriation							
B1	Legal reserve appropriated	-	-	-	178,930	(178,930)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(1,452,757)	-	(1,452,757)
D1	2024 net profit	-	-	-	-	1,931,464	-	1,931,464
D3	2024 other comprehensive income	-	-	-	-	-	3,827	3,827
Z1	Balance on December 31, 2024	80,709	\$ 807,087	\$ 4,269,075	\$ 1,243,213	\$ 6,947,621	\$ 27,499	\$ 13,294,495

The accompanying notes are an integral part of the Consolidated Financial Statements.

PAN GERMAN UNIVERSAL MOTORS LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

(In Thousands of NTD)

Code		2024	2023
	Cash flows from operating activities		
A10000	Profit before tax	\$ 2,423,460	\$ 2,244,560
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	1,013,256	959,861
A20200	Amortization expense	4,591	5,207
A29900	Amortization of long-term prepaid expenses	3,769	3,533
A20300	Expected credit loss	416	458
A20900	Interest expense	38,498	41,487
A21200	Interest revenue	(32,176)	(31,804)
A21300	Dividend revenue	(2,735)	(1,743)
A29900	Lease modification gains	-	(230)
A22500	Gains on disposals of property, plant and equipment	-	(506)
A23700	Inventory write-downs and obsolescence loss	19,597	5,274
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(4,012)	3,607
A31150	Accounts receivable	(84,459)	(54,093)
A31180	Other receivables	(121,102)	(75,808)
A31200	Inventories	(725,969)	403,970
A31220	Long-term prepaid expenses	(3,034)	(2,109)
A31230	Prepayments to suppliers	(1,104,206)	435,393
A31240	Prepaid expenses and other current assets	(15,884)	(4,925)
A32130	Notes payable	(8,597)	8,455
A32150	Accounts payable	(38,369)	82,780
A32160	Accounts payable to related parties	174,926	(669,142)
A32180	Other payables	112,740	58,419
A32125	Contract liabilities	(584,737)	(208,710)
A32230	Other current liabilities	(1,778)	(15,740)
A32240	Net defined benefit liabilities	(23,957)	(12,297)
A32200	Other non-current liabilities	-	49,621
A33000	Cash inflow generated from operations	1,040,238	3,225,518
A33100	Interest received	32,965	31,870
A33300	Interest paid	(41,994)	(41,990)
A33500	Income taxes paid	(495,015)	(402,010)
AAAA	Net cash flows from operating activities	<u>536,194</u>	<u>2,813,388</u>

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Code		2024	2023
	Cash flows from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 16,461)
B00040	Acquisition of financial assets at amortized cost	(103,222)	(3,700,000)
B00050	Proceeds from disposal of financial assets at amortized cost	600,000	3,225,098
B02700	Purchase of property, plant, and equipment	(2,188,912)	(1,660,330)
B02800	Proceeds from disposal of property, plant, and equipment price	-	636
B03700	Increase in refundable deposits	(5,287)	(2,221)
B04500	Purchase of Intangible assets	(4,929)	(4,395)
B07100	Increase in prepayments for business facilities	(1,230,284)	(23,095)
B07600	Dividends received	<u>2,735</u>	<u>1,743</u>
BBBB	Net cash flows used in investing activities	<u>(2,929,899)</u>	<u>(2,179,025)</u>
	Net cash flows from financing activities		
C00100	Increase in short-term loans	700,000	-
C04020	Payment of the principal portion of lease liability	(436,030)	(382,856)
C04500	Cash dividends paid	<u>(1,452,757)</u>	<u>(1,210,631)</u>
CCCC	Net cash flows used in financing activities	<u>(1,188,787)</u>	<u>(1,593,487)</u>
EEEE	Net decrease in cash and cash equivalents for the period	(3,582,492)	(959,124)
E00100	Cash and cash equivalents at beginning of period	<u>6,505,047</u>	<u>7,464,171</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 2,922,555</u>	<u>\$ 6,505,047</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

PAN GERMAN UNIVERSAL MOTORS LTD. AND SUBSIDIARIES

Notes on the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

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

1. Company History

Corporate History and Operations

Established in 1979, Pan German Universal Motors Ltd. (hereinafter referred to as “Pan German” or “the Company”) primarily engages in the distribution, trading, repair, and maintenance of automobiles and components.

Pan German's stocks have been listed on the Taiwan Stock Exchange since October 12, 2020.

Subsidiary History and Operations

Established in 2010, Jet-Li Motors Ltd. (hereinafter referred to as “Jet-Li”) primarily engages in the distribution, trading, repair, and maintenance of automobiles and components.

The consolidated financial statements are denominated in NTD, the Group’s functional currency.

2. Approval Date and Procedures of the Financial Statements

The Consolidated Financial Statements were approved by the Board of Directors on March 12, 2025.

3. New Standards, Amendments, and Interpretations Adopted

(1) The initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as “IFRSs”), as endorsed and made effective by the Financial Supervisory Commission (FSC)

The application of the revised IFRSs endorsed and issued into effect by the FSC will not result in significant changes to the Company's accounting policies.

(2) IFRS accounting standards endorsed by the FSC applicable in the year 2025

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 21 "Lack of Exchangeability"	January 01, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments Amendments" regarding the application guidance amendments on the classification of financial assets	January 01, 2026 (Note 2)

Note 1: Effective for annual reporting periods beginning on or after January 1, 2025.

Upon initial application of the amendments, prior periods will not be restated. Instead, the impact will be recognized in retained earnings and relevant affected assets and liabilities as of the date of initial application.

Note 2: Effective for annual reporting periods beginning on or after January 1, 2026,

with the option for companies to early adopt on January 1, 2025. Upon initial application of the amendments, retrospective application is required but prior periods will not be restated, and the impact of the initial application will be recognized as of the date of initial application. However, if a company can restate without the use of hindsight, it may choose to restate comparative periods.

As of the date the Consolidated Financial Statements were authorized for issuance, the Group assesses that the amendments to the aforementioned standards and interpretations will not have a significant impact on its financial position and performance.

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note)
"Annual Improvements to IFRS Accounting Standards - 11th Cycle"	January 01, 2026
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments Amendments" regarding the application guidance amendments on the derecognition of financial liabilities	January 01, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 01, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Undecided
IFRS 17 "Insurance Contracts"	January 01, 2023
Amendments to IFRS 17	January 01, 2023
Amendment to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 01, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Disclosure of Non-Publicly Accountable Subsidiaries"	January 1, 2027

Note: Unless otherwise specified, the abovementioned new, revised, or amended standards or interpretations take effect for annual reporting period beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements." The key changes introduced by the standard include:

- Income statement should classify income and expense items into operating, investing, financing, income tax, and discontinued operations categories.
- Income statement should present operating profit or loss, profit or loss before financing and tax, as well as subtotals and totals of profit or loss.
- Guidance is provided to enhance aggregation and disaggregation of requirements: The Group should identify assets, liabilities, equity, revenue, expenses, and cash flows arising from individual transactions or other events and classify and aggregate them on the basis of common characteristics, so that each line item in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics should be disaggregated in the primary financial statements and notes. The Group labels such items as "Others" only when no more informative label can be identified.
- Increase the disclosure of management-defined performance measures: When the Group engages in public communication outside of the financial statements or communicates management's perspective on specific aspects of the Group's overall financial performance to users of the financial statements, it should disclose the management-defined performance measures in a single note to the financial statements. This disclosure should include a description of the measure, how it is calculated, its reconciliation with subtotals or totals specified by IFRS accounting standards, and the effects of related adjustments on income tax and non-controlling interests.

Except for the impacts noted above, as of the date the Consolidated Financial Statements were authorized for issuance, the Group is continuing to assess the potential impacts of the amendments to various standards and interpretations on its financial position and performance. The relevant impacts will be disclosed once the evaluation is complete.

4. Summary of Key Accounting Policies

(1) Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS as endorsed by the FSC.

(2) Basis of preparation

Except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of the defined benefit obligations minus the fair value of plan assets, this financial report is prepared on a historical cost basis.

Fair value measurements are categorized into Level 1 through Level 3 based on the observability and importance of the relevant input values:

- 1) Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- 3) Level 3 inputs are unobservable inputs of assets or liabilities

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

Current assets include:

- 1) Assets held for trading purposes;
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) Cash and cash equivalents (excluding those restricted from being exchanged or used to settle liabilities for more than 12 months after the balance sheet date).

Current liabilities include:

- 1) Held for trading purposes of the liabilities;
- 2) due to be settled within 12 months after the balance sheet date, and
- 3) Liabilities for which there is no substantive right to defer settlement beyond at least 12 months after the balance sheet date.

Those not classified as current assets or current liabilities are categorized as non-current assets or non-current liabilities.

(4) Basis of consolidation

The Consolidated Financial Statements incorporates the financial statements of Pan German Universal and its controlled entities (i.e., subsidiaries). The consolidated statement of comprehensive income includes the operating profit or loss of the acquired or proceeds from disposal of subsidiaries from the acquisition date or until the disposal date within the period. When necessary, adjustments are made to align the accounting policies of subsidiaries with those of the Group. All intra-group transactions, account balances, income, and expenses are fully eliminated during the preparation of the Consolidated Financial Statements. The total comprehensive

income (or loss) of subsidiaries is attributed to the owners of the Company and non-controlling interests, even when the non-controlling interests result in a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. The carrying amounts of the Group and non-controlling interests are adjusted to reflect changes in their relative equity interests in the subsidiary. Any difference between the adjustment to non-controlling interests and the consideration paid or received is directly recognized in equity and attributed to the owners of the Company.

Refer to Note 11 and Table 6 for detailed information on subsidiaries, including ownership percentages and principal business activities.

(5) Inventories

Inventories include automobiles, parts, and accessories. When comparing cost and net realizable value, except for the same category, it is based on individual items. Net realizable value is the estimated selling price under normal circumstances less selling expenses. The cost of inventories is determined using the identification method for automobiles and the weighted-average method for components and accessories.

(6) Property, plant, and equipment

Property, plant, and equipment are recognized at cost and subsequently measured at cost less accumulated depreciations and impairment losses.

Property under construction, plant and equipment are recognized at cost less accumulated impairment loss. Costs less any recognized impairment loss include professional fees, borrowing costs eligible for capitalization, and depreciation expenses for land-use rights related to property under construction. Assets are measured at lower cost and net realizable value before reaching the expected state of use, and its sales price and cost are recognized in profit or loss. Upon completion, these assets are classified into the appropriate category of property, plant, and equipment and depreciation begins.

Except for owned land which is not recognized for depreciations, all other property, plant and equipment are individually depreciated on a straight-line basis over the useful life of each significant component for depreciations. Depreciations is recognized over the lease term if the lease term is shorter than the useful life. The Group reviews the estimated useful lives, residual values, and depreciations methods

at least at the end of each year and defers the impact of changes in accounting estimates.

On derecognition of property, plant, and equipment, the difference between the net disposal proceeds and the carrying amount of the assets is recognized in profit or loss.

(7) Intangible assets

1) Separate acquisition

Acquired separately intangible assets with limited useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over their useful lives, and the Group reviews the estimated useful lives, residual values, and amortization methods at least at the end of each year, deferring the impact of changes in applicable accounting estimates. Intangible assets are stated at cost less accumulated under impairment loss.

2) Derecognition

On derecognition of intangible assets, the difference between the net disposal proceeds and the carrying amount of assets is recognized in profit or loss.

(8) Impairment of property, plant and equipment, right-of-use assets and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets (excluding goodwill) to determine any indication that property, plant, and equipment, right-of-use and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated to determine the extent of the impairment loss. If the recoverable amount of an individual assets cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Shared assets are allocated to the smallest cash-generating unit group on a reasonable and consistent basis.

For intangible assets with indefinite useful lives and those not yet available for use, impairment tests are conducted at least annually and whenever there are indications of impairment.

The recoverable amount is the higher of fair value less costs to sell and in use. If the recoverable amount of individual assets or cash-generating unit is less than its

carrying amount, the carrying amount is reduced to its recoverable amount, and impairment loss is recognized in profit or loss.

When impairment loss is subsequently reversed, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but not to an amount that exceeds the carrying amount that would have been determined had impairment loss not been recognized for the assets or cash-generating unit in prior years. The reversal of impairment loss is recognized in profit or loss. .

(9) Financial Instruments

Assets and liabilities will be recognized in consolidated balance sheets when the Group becomes a party to the contractual provisions of the instruments.

Initial recognition of financial assets and liabilities not measured at fair value through profit or loss are added with directly attributable transaction costs for acquisition or issuance. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Assets

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

A. Measurement Categories

The types of financial assets held by the Group are financial assets measured at amortized cost and investments in equity instruments measured at fair value through other comprehensive income.

(i) Financial assets at amortized cost

Assets are classified as financial assets measured at amortized cost if:

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

Assets (including cash and cash equivalents, receivables at amortized cost, restricted term deposits, other receivables, deposits held as collateral, and other assets) are measured at the total carrying amount determined by the effective interest method, less any amortized cost of

impairment loss after initial recognition, and any foreign currency exchange gains or losses are recognized in profit or loss.

Interest revenue is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

- a. Purchased or originated credit-impaired financial asset Assets, Interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
- b. For financial assets that are not purchased or originated credit-impaired but subsequently become credit-impaired, interest revenue should be calculated by applying the effective interest rate to the amortized cost of the financial asset starting from the next reporting period after the credit impairment.

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(ii) Equity Instrument Investments Measured at Fair Value through Other Comprehensive Income

The Company may irrevocably elect, at initial recognition, to designate investments in equity instruments, which are not held for trading and not contingent consideration recognized by acquirers in a business combination, to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity interest. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established in accordance with other comprehensive income fair value

and equity unless the dividends clearly represent a recovery of part of the cost of the investment.

B. Impairment of Assets

The Group assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on expected credit losses on each balance sheet date.

Accounts receivable are recognized for loss allowances based on lifetime ECLs. Other financial assets are first assessed to determine whether credit risk has significantly increased since original recognition. If it has not significantly increased, the loss allowance is recognized based on the 12-month expected credit loss. If it has significantly increased, the loss allowance is recognized based on the lifetime ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Impairment losses on all financial assets are recognized by adjusting their carrying amounts through an allowance account, but the loss allowance for debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and the carrying amount is not reduced.

C. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial assets expire, or it transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another entity. On derecognition of financial assets measured at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and is not reclassified to profit or loss.

2) Liabilities

A. Subsequent Measurement

Liabilities are measured at amortized cost using the effective interest method.

B. Derecognition of financial liabilities

The difference between the carrying amount of the financial asset derecognized in Liabilities and the consideration paid, including any non-cash assets transferred or liabilities assumed in liabilities, is recognized in profit or loss.

(10) Provision for Liabilities

The amount recognized as a provision for liabilities is the best estimate of the consideration required to settle the present obligation at the end of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The provision for liabilities is measured at the discounted value of the estimated cash flows from the settlement of the obligation.

Decommissioning and Restoration Obligations

Provisions for liabilities are recognized at the present value of the best estimate of the future outflow of economic benefits that will be required to settle the Group's obligations under the lease.

(11) Revenue Recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date the Group transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Sales Revenue from Goods

Sales revenue comes from the sale of automotive products. Sales of automotive products are recognized as revenue upon transfer of ownership.

2) Revenue from Services

Service revenue comes from vehicle maintenance services.

As the Group provides vehicle maintenance services, the customer pays for the services after the vehicle maintenance is completed. Therefore, the Group recognizes revenue when the vehicle maintenance is completed.

(12) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) As a lessor

Lease payments received under operating leases are recognized as income on a straight-line basis over the lease term.

2) As a lessee

Except for lease payments of low-value underlying assets and short-term leases that are recognized as expenses on a straight-line basis over the lease term, other leases are recognized as right-of-use assets and lease liabilities at the lease commencement date.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of assets lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciations and accumulated impairment loss and adjusted for any remeasurement of liabilities. Right-of-use assets is separately expressed in the consolidated balance sheet.

Assets adopt a straight-line basis from the lease start date to the expiration of the service life or the lease period, whichever is earlier, to allocate Depreciations.

Lease liabilities is initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, the lease liabilities adopt the effective interest method to measure the cost after amortization, and interest expense is amortized during the lease period. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine

those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications not treated as separate leases, the remeasurement of lease liabilities due to a reduction in the scope of the lease results in an adjustment to the Right-of-use assets, and the gain or loss from partial or complete termination of the lease is recognized; for other modifications, the remeasurement of lease liabilities results in an adjustment to the Right-of-use assets. The lease Liabilities is separately expressed in the balance sheet.

(13) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Specific borrowings, such as investment revenue, earned by temporary investment before the occurrence of capital expenditures that meet the requirements, are deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(14) Employee benefits

1) Short-term employee benefits

Liabilities related to short-term employee benefits are measured by the undiscounted amount expected to be paid in exchange for employee services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding

interest), is recognized in other comprehensive income and other equity interest in the period in which they occur.

The net defined benefit liabilities are the deficit in the contribution to the defined benefit retirement plan. The net defined benefit assets may not exceed the present value of refunds of contributions from the plan or reductions in future contributions.

(15) Income tax

Income tax expense comprises current income tax and deferred income tax.

1) Current income tax

The Group determines the current income (loss) in accordance with the laws and regulations of the reporting jurisdiction of income tax and calculates the payable (recoverable) amount of income tax.

According to Income Tax Act, additional income tax levied on unappropriated retained earnings is recognized in the year of resolution.

The adjustment of payable to income tax in the previous year is listed in the current income tax.

2) Deferred income tax

Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized when it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each assets liabilities date and reduced to the extent that it is no longer probable that

sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The previously unrecognized deferred tax assets are also reviewed at each balance sheet date and increased in carrying amount to the extent that it becomes probable that future taxable profits will be available to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which liabilities is settled or assets is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the balance sheet date of assets liabilities. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, on the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred income tax

Current and deferred income tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity in which case, the current and deferred income tax are also recognized in other comprehensive income or directly in equity, respectively.

5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation

Uncertainty

In applying the Group's accounting policies, management is required to make judgments, estimates, and assumptions based on historical experience and other relevant factors for items where information is not readily available from other sources. Actual results may differ from these estimates.

The accounting policies, estimates, and underlying assumptions adopted by the Group have been evaluated by management, and no significant uncertainties related to accounting judgments, estimates, or assumptions have been identified.

6. Cash and Cash Equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and petty cash	\$ 17,801	\$ 8,073
Cheque and current deposits	2,574,405	4,073,922
Cash equivalents (Investments with maturities within 3 months)		
Time deposits	-	1,200,000
Repurchase Agreements	<u>330,349</u>	<u>1,223,052</u>
	<u>\$ 2,922,555</u>	<u>\$ 6,505,047</u>

The market rate intervals of cash equivalents are listed below:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Time deposits	-	1.2%~1.3%
Repurchase Agreements	1.22%	1.1%

7. Financial assets at fair value through other comprehensive income

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Non-current</u>		
Investments in equity instruments		
Unlisted ordinary shares		
Yung Shin Carleasing Ltd.	\$ 6,924	\$ 6,924
Union Capital Carleasing Ltd.	<u>22,750</u>	<u>22,750</u>
	<u>\$ 29,674</u>	<u>\$ 29,674</u>

The Group has invested in the ordinary shares of Yung Shin Carleasing Ltd. and Union Capital Carleasing Ltd. for medium- and long-term strategic purposes, with the expectation of generating profits through long-term investments. Accordingly, management has elected to designate these investments as measured at fair value through other comprehensive income, as they believe recognizing short-term

fluctuations in the fair value of these investments in profit or loss would not align with the Group's strategy of holding them for long-term purposes.

8. Financial assets at amortized cost

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Domestic investment		
Time deposits with original maturities of more than 3 months	\$ -	\$ 500,000
Restricted time deposits	5,400	5,400
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 5,400</u>	<u>\$ 505,400</u>
 <u>Non-current</u>		
Domestic investment		
Restricted time deposits	\$ 92,165	\$ 88,943
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 92,165</u>	<u>\$ 88,943</u>

The market rate intervals for time deposits with original maturities exceeding three months and restricted time deposits as of the balance sheet date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Time deposits with original maturities of more than 3 months	-	1.3% ~ 1.4%
Restricted time deposits	0.67% ~ 1.7%	0.57% ~ 1.575%

Refer to Note 26 for information regarding financial assets measured at amortized cost pledged as collateral.

9. Notes and Accounts Receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivable, net (including related parties)</u>		
Measurement at amortized costs		
Total carrying amount	<u>\$ 7,523</u>	<u>\$ 3,511</u>
 <u>Accounts receivable (including related party)</u>		
Measurement at amortized costs		
Total carrying amount	\$ 492,495	\$ 408,036
Less: Allowance for losses	(<u>2,932</u>)	(<u>2,516</u>)
	<u>\$ 489,563</u>	<u>\$ 405,520</u>

The average credit period of sales of goods was 60 days, with no interest charged on accounts receivable. The Group adopted a policy of rating its major customers by using historical transaction records and reviewing the recoverable amount of each individual trade debt at the end of the balance sheet date to ensure that adequate allowance is made for possible unrecoverable amounts. Accordingly, the management believes the Group's credit risk has been significantly mitigated.

In addition to providing loss allowances for individual customers when there are obvious signs of impairment, the Group recognizes loss allowances for accounts receivable based on lifetime ECLs. Lifetime ECLs for trade receivables are estimated using a provision matrix that considers the customer's historical default experience and current financial condition. Since the Group's historical credit loss experience does not indicate significantly different loss patterns across customer segments, the provision matrix is determined solely based on the aging of accounts receivable without further segmentation of the customer base.

If there is evidence that a counterparty is experiencing severe financial difficulties and the Group cannot reasonably expect to recover the outstanding amount—for instance, if the counterparty is undergoing liquidation—the Group directly writes off the related accounts receivable. Recovery efforts will continue, and any amounts subsequently recovered will be recognized in profit or loss. The Group's notes receivable were not overdue.

The Group's notes receivable is not overdue. The following table details the loss allowance of accounts receivable (including related parties) based on the Group's provision matrix:

December 31, 2024

	<u>Not overdue</u>	<u>Overdue for 1-60 days</u>	<u>Overdue for more than 61 days</u>	<u>Individual assessment</u>	<u>Total</u>
Expected credit loss rate	0.50%	1.00%	1.00%		
Total carrying amount	\$ 446,624	\$ 30,620	\$ 14,981	\$ 270	\$ 492,495
Loss allowance (lifetime expected credit losses)	(<u>2,233</u>)	(<u>306</u>)	(<u>150</u>)	(<u>243</u>)	(<u>2,932</u>)
At amortized cost	<u>\$ 444,391</u>	<u>\$ 30,314</u>	<u>\$ 14,831</u>	<u>\$ 27</u>	<u>\$ 489,563</u>

December 31, 2023

	<u>Not overdue</u>	<u>Overdue for 1-60 days</u>	<u>Overdue for more than 61 days</u>	<u>Individual assessment</u>	<u>Total</u>
Expected credit loss rate	0.50%	1.00%	1.00%		
Total carrying amount	\$ 361,056	\$ 39,049	\$ 7,660	\$ 271	\$ 408,036
Loss allowance (lifetime expected credit losses)	(<u>1,805</u>)	(<u>390</u>)	(<u>77</u>)	(<u>244</u>)	(<u>2,516</u>)
At amortized cost	<u>\$ 359,251</u>	<u>\$ 38,659</u>	<u>\$ 7,583</u>	<u>\$ 27</u>	<u>\$ 405,520</u>

Changes in loss allowances of accounts receivables are listed below:

	<u>YEAR 2024</u>	<u>YEAR 2023</u>
Balance, beginning of year	\$ 2,516	\$ 2,230
Add: Impairment loss allowance for the year	416	458
Less: Internal write-offs for the year	<u>-</u>	(<u>172</u>)
Balance, end of year	<u>\$ 2,932</u>	<u>\$ 2,516</u>

10. Inventories

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Vehicles	\$ 6,268,377	\$ 4,117,071
Automotive parts and accessories	<u>542,054</u>	<u>632,310</u>
	<u>\$ 6,810,431</u>	<u>\$ 4,749,381</u>

In 2024 and 2023, the cost of sales related to inventories were NT\$51,236,662 thousand and NT\$44,948,954 thousand, respectively. Cost of sales including inventories loss were NT\$19,597 thousand and NT\$5,274 thousand, respectively.

As of December 31, 2024 and 2023, the automotive and components allowance for inventory valuation losses were NT \$34,986 thousand and NT \$15,389 thousand, respectively.

11. Subsidiary

Subsidiary included in the Consolidated Financial Statements

The subsidiary included in the Consolidated Financial Statements is as follows:

<u>Investor</u>	<u>Name of Subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>	
			<u>December 31, 2024</u>	<u>December 31, 2023</u>
Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	Sales and maintenance of cars	100%	100%

12. Property, Plant and Equipment

	Land	Building	Machinery and equipment	Transportation Equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress	Total
<u>Cost</u>								
Balance on January 1, 2024	\$ 928,019	\$ 3,404,571	\$ 325,057	\$ 849,497	\$ 358,602	\$ 1,359,289	\$ 24,241	\$ 7,249,276
Additions	-	2,334	17,331	1,585,855	9,642	8,984	704,435	2,328,581
Disposition	-	(576)	(4,552)	(3,249)	(20,583)	(1,135)	-	(30,095)
Reclassification	-	-	6,894	(1,534,047)	2,516	1,213	15,822	(1,507,602)
Balance on December 31, 2024	<u>\$ 928,019</u>	<u>\$ 3,406,329</u>	<u>\$ 344,730</u>	<u>\$ 898,056</u>	<u>\$ 350,177</u>	<u>\$ 1,368,351</u>	<u>\$ 744,498</u>	<u>\$ 8,040,160</u>
<u>Accumulated depreciation</u>								
January 1, 2024 balance	\$ -	\$ 1,044,979	\$ 180,312	\$ 100,395	\$ 187,497	\$ 587,104	\$ -	\$ 2,100,287
Depreciation expense	-	220,748	45,935	182,936	57,601	111,797	-	619,017
Disposition	-	(576)	(4,552)	(161)	(20,583)	(1,135)	-	(27,007)
Reclassification	-	-	(7)	(180,076)	(43)	-	-	(180,126)
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 1,265,151</u>	<u>\$ 221,688</u>	<u>\$ 103,094</u>	<u>\$ 224,472</u>	<u>\$ 697,766</u>	<u>\$ -</u>	<u>\$ 2,512,171</u>
Net amount at December 31, 2024	<u>\$ 928,019</u>	<u>\$ 2,141,178</u>	<u>\$ 123,042</u>	<u>\$ 794,962</u>	<u>\$ 125,705</u>	<u>\$ 670,585</u>	<u>\$ 744,498</u>	<u>\$ 5,527,989</u>
<u>Cost</u>								
Balance on January 01, 2023	\$ 928,019	\$ 2,536,000	\$ 324,645	\$ 719,400	\$ 291,399	\$ 1,384,247	\$ 750,574	\$ 6,934,284
Additions	-	88,034	31,928	1,344,258	30,638	20,156	160,615	1,675,629
Disposition	-	(5,597)	(62,228)	-	(52,672)	(63,397)	-	(183,894)
Reclassification	-	786,134	30,712	(1,214,161)	89,237	18,283	(886,948)	(1,176,743)
Balance on December 31, 2023	<u>\$ 928,019</u>	<u>\$ 3,404,571</u>	<u>\$ 325,057</u>	<u>\$ 849,497</u>	<u>\$ 358,602</u>	<u>\$ 1,359,289</u>	<u>\$ 24,241</u>	<u>\$ 7,249,276</u>
<u>Accumulated depreciation</u>								
Balance on January 01, 2023	\$ -	\$ 852,331	\$ 197,878	\$ 145,878	\$ 184,393	\$ 533,380	\$ -	\$ 1,913,860
Depreciation expense	-	198,245	44,592	150,325	55,716	117,121	-	565,999
Disposition	-	(5,597)	(62,158)	-	(52,612)	(63,397)	-	(183,764)
Reclassification	-	-	-	(195,808)	-	-	-	(195,808)
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 1,044,979</u>	<u>\$ 180,312</u>	<u>\$ 100,395</u>	<u>\$ 187,497</u>	<u>\$ 587,104</u>	<u>\$ -</u>	<u>\$ 2,100,287</u>
Net amount on December 31, 2023	<u>\$ 928,019</u>	<u>\$ 2,359,592</u>	<u>\$ 144,745</u>	<u>\$ 749,102</u>	<u>\$ 171,105</u>	<u>\$ 772,185</u>	<u>\$ 24,241</u>	<u>\$ 5,148,989</u>

The reclassifications for the years 2024 and 2023 mainly involved transferring prepayments for business facilities, reclassifying transportation equipment to inventories, and properties under construction. Upon completion, the costs eligible for capitalization were reclassified and recognized according to their nature. Please refer to Notes 13 and 20.

As there were no indications of impairment in 2024 and 2023, the Group did not conduct an impairment assessment.

Property, plant, and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings and structures	
Main building and decoration project	5 to 51 years
Water, electrical and communication engineering	3 to 18.5 years
Machinery and equipment	2 to 13 years
Transportation equipment	3 to 6 years
Miscellaneous equipment	2 to 15 years
Leasehold improvements	1 to 18 years

As of December 31, 2024, the Group's significant property construction contracts were as follows:

Contracting party	Contract date	Total contract value	Amount paid
Lee Ming Construction Co., Ltd.	December 2023	<u>\$ 1,084,571</u>	<u>\$ 390,446</u>
Fuli Construction Co., Ltd.	March 2024	<u>\$ 890,476</u>	<u>\$ 311,571</u>

The above-mentioned construction contracts pertain to the development of new business locations for the Group across various regions. As of December 31, 2024, the overall projects had not yet been completed, and therefore, the payments made have been included in properties under construction.

13. Lease Arrangements

(1) Right-of-use assets

	December 31, 2024	December 31, 2023
Carrying amount of right-of-use assets		
Land	\$ 2,019,842	\$ 2,069,829
Buildings	<u>811,798</u>	<u>845,831</u>
	<u>\$ 2,831,640</u>	<u>\$ 2,915,660</u>
	<u>2024</u>	<u>2023</u>
Additions to right-of-use assets	<u>\$ 322,636</u>	<u>\$ 139,326</u>
Depreciation of right-of-use assets		
Land	\$ 166,166	\$ 161,196
Buildings	240,490	234,444
Capitalization of property, plant and equipment	(<u>12,417</u>)	(<u>1,778</u>)
	<u>\$ 394,239</u>	<u>\$ 393,862</u>

Except for the above-mentioned addition and recognition of depreciation expense, there were no significant sublease or impairment events concerning the Group's Right-of-use assets in 2024 and 2023.

(2) Leases liabilities

	December 31, 2024	December 31, 2023
Lease liabilities book value		
Current	<u>\$ 354,898</u>	<u>\$ 354,639</u>
Non-current	<u>\$ 2,774,369</u>	<u>\$ 2,888,022</u>

Range of discount rates for lease liabilities was as follows:

	December 31, 2024	December 31, 2023
Land	1.05%-1.70%	1.05%-1.30%
Buildings	1.05%-1.70%	1.05%-1.30%

(3) Other lease information

In 2023, due to the modification of the lease terms, the Group reduced the right-of-use assets by \$6,920 thousand and reduced the lease liabilities by \$7,150 thousand.

	<u>2024</u>	<u>2023</u>
Short-term lease expenses	<u>\$ 104,279</u>	<u>\$ 67,139</u>
Total cash (outflow) for leases	<u>(\$ 580,827)</u>	<u>(\$ 491,971)</u>

The Group elected to apply the recognition exemption for short-term leases and therefore did not recognize right-of-use assets or lease liabilities for these leases.

Total cash outflows for leases include repayments of the principal portion of lease liabilities, lease interest payments (including interest capitalized), and cash flows arising from short-term lease expenses.

14. Short-term Borrowings

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Borrowings by credit lines	<u>\$ 700,000</u>	<u>\$ -</u>

The interest rate on bank credit loans as of December 31, 2024 was 1.78%.

15. Notes and accounts payable (including related parties)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes payable	\$ 4,532	\$ 13,129
Accounts payable	<u>586,007</u>	<u>449,450</u>
	<u>\$ 590,539</u>	<u>\$ 462,579</u>

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

16. Other Payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Wages, salaries, and bonuses payable	\$ 595,465	\$ 518,696
Payable on machinery and equipment	209,301	69,632
Employee and director remuneration payable	26,600	24,650
Rents payable	9,945	2,477
Other payables	<u>352,875</u>	<u>326,269</u>
	<u>\$ 1,194,186</u>	<u>\$ 941,724</u>

17. Retirement Benefit Plans

(1) Defined Contribution Plan

The pension system of “Labor Pension Act” applicable to the Group is a defined contribution retirement plan managed by the government, and 6% of the employee's monthly salary is allocated to the individual account of the Labor Insurance Bureau.

(2) Defined Benefit Plans

The Group, including Pan German Universal Motors Ltd., operates a government-managed defined benefit retirement plan under the Labor Standards Act of our country. Pension benefits are calculated based on the length of service and average monthly salaries of the six months before retirement. The Company allocates 5% of the total monthly salary of employees to the pension fund, which is deposited in a special account with the Bank of Taiwan under the name of the Supervisory Committee of Labor Retirement Reserve. Before the end of the year, if it is estimated that the balance of the special account is insufficient to cover the estimated retirement benefits for workers expected to meet retirement conditions in the following year, the shortfall will be allocated in a lump sum by the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

The amounts included in Consolidated Balance Sheets in respect of the Group’s defined benefit plans were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 52,589	\$ 73,348
Fair value of plan assets	(<u>24,312</u>)	(<u>16,330</u>)
Net defined benefit liabilities	<u>\$ 28,277</u>	<u>\$ 57,018</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present value of defined benefit obligations	Fair value of plan Assets	Net defined benefit liabilities (assets)
January 01, 2023	<u>\$ 90,252</u>	<u>(\$ 18,283)</u>	<u>\$ 71,969</u>
Service cost			
Current service costs	62	-	62
Interest expense (revenue)	<u>1,182</u>	<u>(148)</u>	<u>1,034</u>
Recognized in profit and loss	<u>1,244</u>	<u>(148)</u>	<u>1,096</u>
Remeasurement			
Plan Assets remuneration (except the amount included in net interest)	-	<u>(406)</u>	<u>(406)</u>
Actuarial loss (gain)			
– Changes in financial assumptions	1,234	-	1,234
– Experience adjustments	<u>(3,482)</u>	<u>-</u>	<u>(3,482)</u>
Recognized in other comprehensive income	<u>(2,248)</u>	<u>(406)</u>	<u>(2,654)</u>
Contributions from the employer	-	<u>(13,393)</u>	<u>(13,393)</u>
Benefits paid	<u>(15,900)</u>	<u>15,900</u>	<u>-</u>
December 31, 2023	<u>73,348</u>	<u>(16,330)</u>	<u>57,018</u>
Service cost			
Current service costs	67	-	67
Interest expense (Revenue)	<u>827</u>	<u>(112)</u>	<u>715</u>
Recognized in profit and loss	<u>894</u>	<u>(112)</u>	<u>782</u>
Remeasurement			
Return on plan Assets (except the amount included in net interest)	-	<u>(2,414)</u>	<u>(2,414)</u>
Actuarial loss (gain)			
– Changes in financial assumptions	<u>(890)</u>	<u>-</u>	<u>(890)</u>
– Adjustments due to experience	<u>(1,480)</u>	<u>-</u>	<u>(1,480)</u>
Recognized in other comprehensive income	<u>(2,370)</u>	<u>(2,414)</u>	<u>(4,784)</u>
Contributions from the employer	-	<u>(14,034)</u>	<u>(14,034)</u>
Benefits paid	<u>(19,283)</u>	<u>8,578</u>	<u>(10,705)</u>
December 31, 2024	<u>\$ 52,589</u>	<u>(\$ 24,312)</u>	<u>\$ 28,277</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	2024	2023
Operating expenses	<u>\$ 782</u>	<u>\$ 1,096</u>

Through the defined benefit plans under Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment Risk: The Bureau of Labor Funds, Ministry of Labor, invests the labor retirement fund through self-management and entrusted management in domestic and foreign equity securities, debt securities, and cash in banks, among other targets. However, the distributable amount of the Company's plan assets is calculated based on earnings not less than the interest rate of a two-year fixed deposit at local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments in assets.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

Qualified actuaries conducted the actuarial valuations of the present value of the defined benefit obligation. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.50%	1.38%
Expected rate (s) of salary increase	3.00%	3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
Increase 0.25%	(<u>\$ 1,720</u>)	(<u>\$ 2,441</u>)
Decrease 0.25%	<u>\$ 1,800</u>	<u>\$ 2,554</u>
Expected rate (s) of salary increase		
Increase 0.25%	<u>\$ 1,741</u>	<u>\$ 2,468</u>
Decrease 0.25%	(<u>\$ 1,673</u>)	(<u>\$ 2,373</u>)

Due to the potential interrelation of actuarial assumptions, the likelihood of only a single assumption changing is low, hence the sensitivity analysis above may not reflect the actual changes in the present value of defined benefit obligations.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expected contributions to the plan for the next year	<u>\$ 3,530</u>	<u>\$ 10,032</u>
The average duration of the defined benefit obligation	13.4 years	13.6 years

18. Equity

(1) Capital stock

Common Stocks

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Authorized shares (thousand)	<u>100,000</u>	<u>100,000</u>
Authorized capital	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Issued and paid shares (thousand)	<u>80,709</u>	<u>80,709</u>
Issued capital	<u>\$ 807,087</u>	<u>\$ 807,087</u>

Each issued common share with a par value of NT\$ 10 per share carries one voting right and entitles the holder to receive dividends.

(2) Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>The Portion that may be used to offset deficits, distributed as cash dividends, or transferred to share capital (Note)</u>		
Share premium	\$ 3,916,244	\$ 3,916,244
Difference between the actual acquisition cost and the book value of subsidiary ownership interests	<u>352,831</u>	<u>352,831</u>
	<u>\$ 4,269,075</u>	<u>\$ 4,269,075</u>

Note: when the Company has no deficit, it may be distributed as cash dividends or transferred to share capital, provided that the transfer is limited to a certain percentage of the Company's paid-in capital each year.

(3) Retained earnings and dividend policy

According to Pan German Universal Articles of Incorporation, if there is any surplus in the annual accounts of Pan German Universal, it shall pay Taxes in accordance with the law, make up for the accumulated losses, and then allocate 10% to the legal reserve, and the rest shall be allocated or reversed Special reserve in accordance with the law. If there is still a balance, it will be accumulated with unappropriated

retained earnings. The board of directors shall draft a proposal for the distribution of earnings and submit it to the shareholders meeting for distribution of dividends and bonuses to Resolution. When distributing dividends or bonuses using the aforementioned legal reserve and capital surplus, the Board of Directors must convene with at least two-thirds of its members present and obtain approval from the majority of the directors in attendance. The resolution will then be reported to the shareholders' meeting.

The annual distribution of dividends shall be no less than 50% of the net profit after tax for the current year. However, if the accumulated distributable surplus is less than 20% of the paid-in capital, no distribution may be made. The Company follows a balanced dividend policy between stock dividends and cash dividends, with the proportion of cash dividends no less than 10% of the total amount of dividends and bonuses distributed to shareholders. For policies regarding the distribution of employee remuneration and director remuneration, please refer to "Employees and Directors Remuneration" in Note 20-5.

When the balance of the legal reserve reaches the total amount of the Company's paid-in share capital, no further allocation is required. The legal reserve may be used to offset a deficit. If the Company has no deficit, any portion of the legal reserve exceeding 25% of the paid-in share capital may be transferred to share capital or distributed in cash.

The earning appropriation proposals for the years 2023 and 2022 of the Company are as follows:

	<u>Earning distribution proposals</u>		<u>Dividends per share (NTD)</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve	\$ 178,930	\$ 147,503	\$ -	\$ -
Cash dividends	1,452,757	1,210,631	18	15

The above cash dividends were resolved to be distributed by the Board of Directors on March 13, 2024, and March 24, 2023, respectively. The remaining earning appropriation items for the year 2022 were resolved at the shareholders' general meeting on June 16, 2023. The remaining earning appropriation items for the year 2023 were also resolved at the shareholders' general meeting on June 21, 2024.

Pan German Universal Motors Ltd. Board of Directors resolution on March 12, 2025, regarding the 2024 earning appropriation proposals is as follows:

	<u>Earning distribution proposals</u>	<u>Dividends per share (NTD)</u>
Legal reserve	\$ 193,146	\$ -
cash dividends	1,493,112	18.5
(4) Other equity		
<u>Remeasurement of defined benefit plans</u>		
	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 23,672	\$ 21,549
Remeasurement (Note 17)	4,784	2,654
Less: Related income tax (Note 21)	(957)	(531)
Balance, end of year	<u>\$ 27,499</u>	<u>\$ 23,672</u>

19. Revenue

(1) Contract balance

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 01, 2023</u>
Contract liabilities-current			
Contract liabilities	<u>\$ 3,684,511</u>	<u>\$ 4,269,248</u>	<u>\$ 4,477,958</u>

The beginning contract liabilities recognized as revenue in 2024 and 2023 were NT\$ 3,765,660 thousand and NT\$ 3,941,814 thousand, respectively.

(2) Disaggregation of revenue from contracts with customers

<u>Type of goods or services</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Revenue from sale of cars	\$ 52,641,386	\$ 46,033,693
Maintenance revenue	<u>4,998,209</u>	<u>4,815,672</u>
	<u>\$ 57,639,595</u>	<u>\$ 50,849,365</u>

20. Net Income

(1) Other gains and losses, net

	<u>2024</u>	<u>2023</u>
Gains on disposals of property, plant and equipment	\$ -	\$ 506
Revenue from warranty extension	<u>25,955</u>	<u>21,368</u>
	<u>\$ 25,955</u>	<u>\$ 21,874</u>

(2) Finance cost

	<u>2024</u>	<u>2023</u>
Interest expenses on bank loans	\$ 1,529	\$ 12
Interest expenses on lease liabilities	40,518	41,976
Less: Amounts capitalized as part of the cost of qualifying assets	(3,549)	(501)
	<u>\$ 38,498</u>	<u>\$ 41,487</u>

Information on capitalized interest is as follows:

	<u>2024</u>	<u>2023</u>
Amount of capitalized interest	\$ 3,549	\$ 501
Interest rate of capitalized interest	1.3%	1.3%

(3) Depreciation and amortization

	<u>2024</u>	<u>2023</u>
<u>Depreciation expense</u>		
Property, plant and equipment	\$ 619,017	\$ 565,999
Right-of-use assets	<u>394,239</u>	<u>393,862</u>
	<u>1,013,256</u>	<u>959,861</u>
<u>Amortization expense</u>		
Computer software	4,591	5,207
Long-term prepaid expenses	<u>3,769</u>	<u>3,533</u>
	<u>8,360</u>	<u>8,740</u>
Total depreciation and amortization expenses (Presented under operating expenses)	<u>\$ 1,021,616</u>	<u>\$ 968,601</u>

(4) Employee benefits expenses

	<u>2024</u>	<u>2023</u>
Retirement benefits (Note 17)		
Defined contribution plan	\$ 77,239	\$ 75,216
Defined benefit plans	782	1,096
Other Employee benefits	<u>2,237,486</u>	<u>2,057,525</u>
Total Employee benefits expenses	<u>\$ 2,315,507</u>	<u>\$ 2,133,837</u>
Expenses summarized by function		
Operating costs	\$ 225,070	\$ 182,695
Operating expenses	<u>2,090,437</u>	<u>1,951,142</u>
	<u>\$ 2,315,507</u>	<u>\$ 2,133,837</u>

(5) Employee and director remuneration

In accordance with Articles of Incorporation, the Company accrued employee and director remunerations at rates no less than 0.1% and no higher than 3%, respectively, of net profit before income tax. The employee and director remunerations for 2024 and 2023 were resolved by the Board of Directors on March 12, 2025, and March 13, 2024, respectively, as follows:

Accrued ratio

	<u>2024</u>	<u>2023</u>
Employee remuneration	0.11%	0.11%
Director remuneration	0.96%	0.96%
<u>Amount</u>		
	<u>2024</u>	<u>2023</u>
Employee remuneration	\$ 2,590	\$ 2,400
Director remuneration	23,310	21,600

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

The actual distribution amounts of employee and director remuneration for 2023 and 2022 were consistent with the amounts recognized in the 2023 and 2022 Consolidated Financial Statements.

For information on the employee and director remuneration resolutions of the Board of Directors of Pan German Universal Motors Ltd. for 2024 and 2023, please refer to the "Market Observation Post System" of the Taiwan Stock Exchange.

21. Income Tax

(1) Income tax recognized in profit or loss

Income tax expenses comprise the following:

	<u>2024</u>	<u>2023</u>
Current income tax		
Incurred for the year	\$ 488,142	\$ 455,026
Adjustments to prior-year overestimation (underestimation)	<u>116</u>	(<u>7</u>)
	<u>488,258</u>	<u>455,019</u>
Deferred income tax		
Incurred for the year	<u>3,738</u>	<u>242</u>
Income tax expense recognized in profit or loss	<u>\$ 491,996</u>	<u>\$ 455,261</u>

A reconciliation of accounting profit and Tax expense is as follows:

	<u>2024</u>	<u>2023</u>
Profit before tax	<u>\$ 2,423,460</u>	<u>\$ 2,244,560</u>
Tax expense calculated based on profit before tax and statutory tax rate	\$ 484,692	\$ 448,912
Nondeductible expenses in determining taxable income	7,188	6,356
Adjustments to prior years' current tax expense in the current year	<u>116</u>	(<u>7</u>)
Income tax expense recognized in profit or loss	<u>\$ 491,996</u>	<u>\$ 455,261</u>

(2) Income tax liabilities for the current period

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Due to income tax	<u>\$ 257,387</u>	<u>\$ 264,144</u>

(3) Deferred tax assets

The movements of Deferred tax assets were as follows:

2024

	<u>Balance, beginning of year</u>	<u>Recognized in profit and loss</u>	<u>Recognized in Other comprehensive income</u>	<u>Balance, end of year</u>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit				
retirement plan	\$ 11,404	(\$ 4,791)	(\$ 957)	\$ 5,656
Provisions - liability	1,437	1,669	-	3,106
Allowance for				
inventory valuation				
losses	3,077	3,919	-	6,996
Sales				
revenue/deferred				
revenue	<u>17,373</u>	<u>(4,535)</u>	<u>-</u>	<u>12,838</u>
	<u>\$ 33,291</u>	<u>(\$ 3,738)</u>	<u>(\$ 957)</u>	<u>\$ 28,596</u>

2023

	<u>Balance, beginning of year</u>	<u>Recognized in profit and loss</u>	<u>Recognized in Other comprehensive income</u>	<u>Balance, end of year</u>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit				
retirement plan	\$ 14,394	(\$ 2,459)	(\$ 531)	\$ 11,404
Provisions - liability	499	938	-	1,437
Allowance for				
inventory valuation				
losses	2,022	1,055	-	3,077
Sales				
revenue/deferred				
revenue	<u>17,149</u>	<u>224</u>	<u>-</u>	<u>17,373</u>
	<u>\$ 34,064</u>	<u>(\$ 242)</u>	<u>(\$ 531)</u>	<u>\$ 33,291</u>

(4) Approval of income tax

The income tax returns of the Company and Jet-Li Motors Ltd. have been assessed by the tax authorities through 2022.

22. Earnings Per Shares

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

Net income

	<u>2024</u>	<u>2023</u>
Net income attributable to owners of the Company		
Net income used in computation of basic/diluted EPS	<u>\$ 1,931,464</u>	<u>\$ 1,789,299</u>

Number of shares Unit: Thousand shares

	<u>2024</u>	<u>2023</u>
Weighted average number of outstanding common shares used in the computation of basic EPS	80,709	80,709
Effects of dilutive potential common shares:		
Employees' remuneration	<u>10</u>	<u>10</u>
Weighted average number of outstanding common shares used in the computation of diluted EPS	<u>80,719</u>	<u>80,719</u>

If the Company offers to settle employee remuneration in cash or shares, it is assumed that the entire amount of the remuneration will be settled in shares. The resulting potential shares are included in the weighted average number of shares outstanding used in the calculation of diluted earnings per share, provided the effect is dilutive. This dilutive effect of the potential shares is considered in the calculation of diluted earnings per share until the number of shares to be distributed to employees is determined by the Board of Directors in the following year.

23. Capital Risk Management

The Group manages its capital to ensure continuity of operations, aiming to maximize shareholder returns by optimizing the balance between debt and equity. The Group's overall strategy remains unchanged.

The Group's capital structure consists of the Group's net debt and equity.

The Group is not subject to any externally imposed capital requirements.

24, Financial Instruments

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

The non-fair value measured financial instruments held by the Group are measured at amortized cost, including restricted time deposits and negotiable certificates of deposit. The management of the Group believes that the carrying amounts of non-fair value measured financial assets and financial liabilities approximate their fair value or their fair value cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Investments in equity instruments				
–Domestic unlisted stocks	\$ _____ -	\$ _____ -	\$ <u>29,674</u>	\$ <u>29,674</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Investments in equity instruments				
–Domestic unlisted stocks	\$ _____ -	\$ _____ -	\$ <u>29,674</u>	\$ <u>29,674</u>

2) Reconciliation of financial instruments measured at fair value - Level 3

2024

<u>Financial assets</u>	<u>Financial instruments</u> <u>measured at FVOCI</u>
Balance, beginning of year	<u>\$ 29,674</u>
Balance, end of year	<u>\$ 29,674</u>

2023

<u>Financial assets</u>	<u>Financial instruments</u> <u>measured at FVOCI</u>
Balance, beginning of year	\$ 13,213
Additions	<u>16,461</u>
Balance, end of year	<u>\$ 29,674</u>

3) Valuation techniques and inputs for level 3 fair value measurement

Investments in domestic unlisted equity are measured using the asset-based approach, which determines the fair value of the entire common stock based on the balance sheet.

(3) Categories of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 4,325,557	\$ 8,188,084
Financial assets at fair value through other comprehensive income	29,674	29,674
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	1,852,715	858,480

Note 1: The balance of financial assets measured at amortized cost includes cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables, refundable deposits, and other financial assets.

Note 2: The balance of financial liabilities measured at amortized cost includes short-term borrowings, notes payable, accounts payable, and other payables (excluding wages, salaries, and bonuses payable, employee and director remunerations, and rents payable).

(4) Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable (including related party), other receivables, guarantee deposits paid, other financial assets, notes payable and accounts (including related party), other payables, short-term borrowings, and lease liabilities. The financial risk management of the Group is to manage financial risks related to operations. The Group manages financial risks arising from operations, which include market risk (primarily interest rate risk), credit risk, and liquidity risk.

The financial management department periodically reports to the management team, which monitors risks within its responsibilities and ensures the implementation of policies to mitigate exposures to these risks.

1) Market risk

The Group's operating activities expose it to major financial risks, primarily interest rate risk.

Interest rate risk

The Group's short-term borrowings are floating-rate debts, which expose it to interest rate risk. However, as the borrowing terms are short, the Group is not subject to significant interest rate risk.

Other price risks

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

Sensitivity analysis

The sensitivity analysis below is based on the Group's balance sheet exposure to equity price risks at the end of the reporting period.

If the equity price increases/decreases by 1%, pre-tax other comprehensive income for 2024 will increase/decrease by \$297 thousand due to the rise/fall in the fair value of financial assets measured at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in financial losses to the Group. As of the balance sheet date, the Group's maximum exposure to credit risk primarily arises from:

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

The Group's policy is to engage in transactions only with creditworthy counterparties. Additionally, due to the Group's diverse and unrelated customer base, no significant credit risk is anticipated.

3) Liquidity risk

Liquidity risk refers to the risk of the Group being unable to provide cash or other financial assets to settle financial liabilities and thus failing to meet related obligations. At present, the Group's working capital is sufficient to meet its needs, so there is no liquidity risk due to the inability to raise funds to meet contractual obligations. The Group's unused financing facilities were NT\$

2,100,000 thousand and NT\$ 3,000,000 thousand as of December 31, 2024, and 2023, respectively.

Liquidity and interest rate risk table for non-derivative financial liabilities

The maturity analysis of remaining contractual obligations for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities, using the earliest date on which the Group may be required to repay. The maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment dates.

For cash flows of interest payments at floating rates, the undiscounted interest amounts are derived from the yield curve as of the balance sheet date.

December 31, 2024

	<u>Less than 1 year</u>	<u>1 ~ 5 years</u>	<u>Over 5 years</u>
Non-interest-bearing liabilities	\$ 1,162,660	\$ -	\$ -
Lease liabilities	373,067	1,125,046	1,772,534
Fixed rate instruments	<u>700,853</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,236,580</u>	<u>\$ 1,125,046</u>	<u>\$ 1,772,534</u>

December 31, 2023

	<u>Less than 1 year</u>	<u>1 ~ 5 years</u>	<u>Over 5 years</u>
Non-interest-bearing liabilities	\$ 860,957	\$ -	\$ -
Lease liabilities	<u>406,704</u>	<u>1,171,978</u>	<u>1,941,940</u>
	<u>\$ 1,267,661</u>	<u>\$ 1,171,978</u>	<u>\$ 1,941,940</u>

25. Related Party Transactions

Transactions, account balances, revenues, and expenses between the Company and its subsidiaries (as related parties of the Company) are fully eliminated during the preparation of the consolidated financial statements and are therefore not disclosed in this note. Transactions between the Group and other related parties are as follows:

(1) Related party names and relationships

<u>Name of related party</u>	<u>Relationship with the Group</u>
Pan German Motors Ltd.	The entity is a joint venture
Union Capital Carleasing Ltd.	The entity is a joint venture
Yi Der International Ltd.	The entity is a joint venture
Universal Motor Traders Ltd.	The entity is a joint venture
Yung Shin Carleasing Ltd.	The entity is a joint venture
Yung Foong Imp. & Exp. Co., Ltd.	The entity is a joint venture
Porsche Taiwan Motors Limited	Other related party (ceased to be a related party of the Company since July 2023)

(2) Net revenue

<u>Related party categories</u>	<u>2024</u>	<u>2023</u>
Joint venture		
Union Capital Carleasing Ltd.	\$ 3,538,795	\$ 3,112,895
Yi Der International Ltd.	2,535,466	2,463,699
Pan German Motors Ltd.	335,640	265,980
Others	49	229
Other related party	<u>-</u>	<u>119,829</u>
	<u>\$ 6,409,950</u>	<u>\$ 5,962,632</u>

The sales terms to related parties are consistent with those to non-related parties, except for sales to Pan German Motors Ltd. and Porsche Taiwan Motors Limited, which are unique in nature and have no comparable transactions with non-related parties.

(3) Purchases

<u>Related party categories/Names</u>	<u>2024</u>	<u>2023</u>
Joint venture		
Pan German Motors Ltd.	\$ 30,946,884	\$ 26,542,024
Others	130,604	117,322
Other related party		
Porsche Taiwan Motors Limited	<u>-</u>	<u>10,225,487</u>
	<u>\$ 31,077,488</u>	<u>\$ 36,884,833</u>

The purchase terms with associates are single in nature, and there are no unassociates available for comparison; the remainder are consistent with transactions with unassociates.

(4) Notes and accounts receivable - related parties

<u>Item</u>	<u>Related party category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	Joint venture	<u>\$ 29</u>	<u>\$ -</u>
Accounts receivable	Joint venture		
	Pan German Motors Ltd.	\$ 199,323	\$ 92,693
	Others	<u>2,419</u>	<u>3,391</u>
		<u>\$ 201,742</u>	<u>\$ 96,084</u>

Notes and accounts receivable - related party arise from sales activities. The outstanding balances of notes and accounts receivable - related party are not secured by any guarantees.

For information on the payment terms of accounts receivable granted by the Group and the credit risk management policies, please refer to Note 9.

The Group's notes receivable due from related parties is not overdue. For the loss allowance of accounts receivable due from related parties based on the provision matrix, please refer to Note 9.

(5) Accounts and notes payable - related parties

Item	Related party category/Name	December 31, 2024	December 31, 2023
Notes payable	Joint venture	\$ <u>464</u>	\$ <u>-</u>
Accounts payable	Joint venture		
	Pan German Motors Ltd.	\$ 497,288	\$ 322,347
	Others	<u>-</u>	<u>15</u>
		<u>\$ 497,288</u>	<u>\$ 322,362</u>

The outstanding balances of notes and accounts payable to related parties are not secured by any guarantees.

(6) Other receivables - related parties

<u>Related party category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Joint venture		
Pan German Motors Ltd.	\$ 638,459	\$ 509,912
Others	<u>926</u>	<u>1,215</u>
	<u>\$ 639,385</u>	<u>\$ 511,127</u>

Other receivables – related parties primarily consist of target and image incentives receivable from the general agent and receivables from purchases returns.

(7) Prepayments to suppliers

<u>Related party category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Joint venture		
Pan German Motors Ltd.	<u>\$ 1,824,653</u>	<u>\$ 837,003</u>

(8) Prepaid rents

<u>Related party category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Joint venture	<u>\$ 291</u>	<u>\$ 229</u>

(9) Contract Liabilities

<u>Related party category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Joint venture	<u>\$ 14,602</u>	<u>\$ 24,352</u>

(10) Other payables

<u>Related party category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Joint venture	<u>\$ 58,623</u>	<u>\$ 29,362</u>

Other payables-related parties are rents payable to associates, advertisement expenses, payable on machinery and equipment, computer software maintenance fee payable, transportation fee payable, repairs and maintenance expenses, utilities expenses, and telephone and fax fee payable.

(11) Other related party transactions

<u>Item</u>	<u>Related party categories/Names</u>	<u>2024</u>	<u>2023</u>
Operating expenses	Joint venture	\$ 130,789	\$ 64,548
	Other related party	<u>-</u>	<u>17,602</u>
		<u>\$ 130,789</u>	<u>\$ 82,150</u>
Other income	Joint venture	\$ 13,248	\$ 10,316
	Other related party	<u>-</u>	<u>6,329</u>
		<u>\$ 13,248</u>	<u>\$ 16,645</u>
Target and image incentives (Recognized in cost of sales Deduction items)	Joint venture of the investor		
	Pan German Motors Ltd.	\$ 838,859	\$ 677,421
	Other related party Porsche Taiwan Motors Limited	<u>-</u>	<u>120,442</u>
		<u>\$ 838,859</u>	<u>\$ 797,863</u>

Operating expenses – related party primarily include warehouse rent, business promotion expenses, miscellaneous purchases, repairs and maintenance expense, training expense, and system maintenance fees, etc.

Other income – related parties primarily consisted of subsidies from the general agent for marketing activities.

Target and image incentives are provided by the general agent to distributors as rewards for achieving sales targets and maintaining a positive brand image. These incentives are recognized as deductions to cost of sales.

(12) Acquisition of property, plant and equipment

<u>Related party category</u>	<u>Amount of acquisition</u>	
	<u>2024</u>	<u>2023</u>
Joint venture	\$ 5,093	\$ 3,988
Other related party	<u>-</u>	<u>1,691</u>
	<u>\$ 5,093</u>	<u>\$ 5,679</u>

The amounts of acquisition for the years 2024 and 2023 include the year-end prepayments for business facilities.

(13) Lease agreement

Acquisition of right-of-use assets

<u>Related party category/Name</u>	<u>2024</u>	<u>2023</u>
Joint venture		
Pan German Motors Ltd.	\$ 12,813	\$ -
Universal Import Corporation	-	4,234
Yung Foong Imp. & Exp. Co., Ltd.	-	1,027
	<u>\$ 12,813</u>	<u>\$ 5,261</u>

Lease liabilities

<u>Related party category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Joint venture of the investor		
Pan German Motors Ltd.	\$ 290,307	\$ 333,231
Others	<u>54,751</u>	<u>83,789</u>
	<u>\$ 345,058</u>	<u>\$ 417,020</u>

Interest expense

<u>Related party category/Name</u>	<u>2024</u>	<u>2023</u>
Joint venture		
Pan German Motors Ltd.	\$ 4,108	\$ 4,572
Others	<u>745</u>	<u>1,059</u>
	<u>\$ 4,853</u>	<u>\$ 5,631</u>

The Company leased real estate from related party in 2024 and 2023, with lease terms ranging from 13 months to 43 years. The rental rates were negotiated based on market conditions and settled under standard payment terms.

Lease expenses

<u>Related party categories/Names</u>	<u>2024</u>	<u>2023</u>
Joint venture of the investor	<u>\$ 80,788</u>	<u>\$ 49,769</u>

(14) Remuneration of key management personnel

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	<u>\$ 141,602</u>	<u>\$ 134,449</u>

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

26. Pledged Assets

The assets listed below have been provided as collateral for land leases and the performance guarantees under distribution contracts:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Pledged time deposits (recognized as financial assets measured at amortized cost Assets)	<u>\$ 97,565</u>	<u>\$ 94,343</u>

27. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Important Contracts

As of December 31, 2024, the significant commitments and contingencies of the Group are summarized as follows:

<u>Nature of contract</u>	<u>Contractor</u>	<u>Commencement date</u>	<u>Scope</u>
Distribution contract	Pan German Motors Ltd.	2025.1.1~2025.12.31	Authorize the Group to sell vehicles, parts, and accessories provided by the contractor, and provide maintenance and repair service in distribution area.
Distribution contract	Porsche Taiwan Motors Limited	2018.1.1 with no expiry date Either party may terminate the distribution contract at the end of the month by giving 12 months prior notice.	Authorize the Group to sell vehicles, parts, and accessories provided by the contractor, and provide maintenance and repair service in distribution area.

(2) Contracted but not yet incurred capital expenditures

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Construction in progress contract	<u>\$ 1,294,325</u>	<u>\$ 1,097,839</u>

28. Supplementary Disclosures

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

- 1) Financing provided to others: None.
- 2) Endorsement and guarantee for others: None.
- 3) Marketable securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures with control interest): Table 1.
- 4) Acquisitions or disposals of the same marketable security with a transaction amount of at least NT\$ 300 million or 20% of the paid-in capital: None.

- 5) Acquisition of real estate with a transaction amount of at least NT\$ 300 million or 20% of paid-in capital: Table 2.
- 6) Disposal of real estate with a transaction amount of at least NT\$ 300 million or 20% of the paid-in capital: None.
- 7) Purchases from or sales to related parties with a transaction amount of at least NT\$ 100 million or 20% of paid-in capital: Table 3
- 8) Receivables from related party amounting to at least NT\$ 100 million or 20% of paid-in capital: Table 4.
- 9) Derivative instrument transactions: None.
- 10) Other: Intercompany Transactions and Amounts: Table 5
- 11) Information on investees: Table 6.

(3) Investments in China:

- 1) Information on any investee company in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, equity ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and the investment limit in mainland China: none
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, including their prices, payment terms, and unrealized gains or losses: none
 - A. Amounts and percentages of purchases and the amounts and percentages of related payables at the end of the period.
 - B. Amounts and percentages of sales and the amounts and percentages of related receivables at the end of the period.
 - C. Amounts of property transactions and the resulting gains or losses.
 - D. Endorsements, guarantees, or collateral provided at the end of the period and their purposes.
 - E. The highest balance, ending balance, interest rate range, and total interest for the current period with respect to fund financing.
 - F. Transactions that have a material effect on the current period's profit or loss or financial position, such as the rendering or receipt of service.

(4) Major Shareholders:

Name, number of shares held, and shareholding percentage of shareholders holding more than 5% of the shares: Table 7.

29. Segment information:

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

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

(1) Segment revenue and operating results

The following is an analysis of the Group's revenue and operating results from continuing operations by reportable segments:

	<u>BMW and MINI</u>	<u>PORSCHE</u>	<u>Total</u>
<u>2024</u>			
Revenue from external customers	\$ 35,280,878	\$ 22,358,717	\$ 57,639,595
Inter-segment revenue	<u>215,287</u>	<u>143,771</u>	<u>359,058</u>
Segment revenue	35,496,165	22,502,488	57,998,653
Internal write-offs	(<u>215,287</u>)	(<u>143,771</u>)	(<u>359,058</u>)
Consolidated revenue	<u>\$ 35,280,878</u>	<u>\$ 22,358,717</u>	<u>\$ 57,639,595</u>
Segment profit or loss	<u>\$ 1,278,141</u>	<u>\$ 1,085,937</u>	\$ 2,364,078
Not included in segment profit or loss			59,382
profit before tax			<u>\$ 2,423,460</u>
 <u>2023</u>			
Revenue from external customers	\$ 31,689,457	\$ 19,159,908	\$ 50,849,365
Inter-segment revenue	<u>110,637</u>	<u>53,691</u>	<u>164,328</u>
Segment revenue	31,800,094	19,213,599	51,013,693
Internal write-offs	(<u>110,637</u>)	(<u>53,691</u>)	(<u>164,328</u>)
Consolidated revenue	<u>\$ 31,689,457</u>	<u>\$ 19,159,908</u>	<u>\$ 50,849,365</u>
Segment profit or loss	<u>\$ 1,201,454</u>	<u>\$ 994,010</u>	\$ 2,195,464
Not included in segment profit or loss			49,096
Profit before tax			<u>\$ 2,244,560</u>

Segment profit and loss refer to the profit earned by each segment. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(2) Total assets

	<u>BMW and MINI</u>	<u>PORSCHE</u>	<u>Total</u>
<u>December 31, 2024</u>			
Total assets	<u>\$ 12,921,897</u>	<u>\$ 7,175,947</u>	\$ 20,097,844
Unallocated Assets			<u>2,987,416</u>
Total amount of consolidated assets			<u>\$ 23,085,260</u>
<u>December 31, 2023</u>			
Total assets	<u>\$ 8,537,464</u>	<u>\$ 6,656,147</u>	\$ 15,193,611
Unallocated Assets			<u>7,064,100</u>
Total amount of consolidated assets			<u>\$ 22,257,711</u>

For the purpose of monitoring segment performance and allocating resources between segments:

All Assets, except for the current period and deferred tax assets, are allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments. Assets do not include the assets of the General Administration Division.

The total liabilities and other segment information of the reportable segments of the Group are not disclosed as such information is not provided to the operating decision maker.

(3) Information on major customers

There is no other revenue from a single customer accounting for more than 10% of the Group's total revenue in 2024 and 2023.

(4) Geographic information

As the Group operates solely in Taiwan, information regarding the Group's revenue from continuing operations from external customers by location of operations and non-current assets by location of assets is disclosed.

PAN GERMAN UNIVERSAL MOTORS LTD. AND SUBSIDIARIES

Marketable Securities Held as of December 31, 2024

December 31, 2024

Table 1

(In thousands of NTD, unless otherwise specified)

Holder	Type and Name of Marketable Securities (Note 1)	Relationship with Issuer (Note 2)	Account Name	End of the Period				Remark (Note 4)
				Number of Shares	Carrying Amount (Note 3)	Shareholding (%)	Fair value	
Pan German Universal Motors Ltd.	Yung Shin Carleasing Ltd.	The entity is a joint venture	Non-current financial assets at fair value through other comprehensive income	212,000	\$ 6,924	2%	\$ 6,924	No
Pan German Universal Motors Ltd.	Union Capital Carleasing Ltd.	The entity is a joint venture	Non-current financial assets at fair value through other comprehensive income	475,200	22,750	3%	22,750	No

Note 1: Marketable securities listed in this table refer to stocks, bonds, beneficiary certificates, and derivative securities derived from these instruments, as defined within the scope of IFRS 9 "Financial Instruments."

Note 2: If the issuers of the marketable securities are not related parties, this column may be left blank.

Note 3: For marketable securities measured at fair value, the "Carrying Amount" column should reflect the balance of the carrying amount adjusted for fair value valuation and net of loss allowances. For marketable securities not measured at fair value, the "Carrying Amount" column should reflect the balance of amortized cost, net of loss allowances.

Note 4: If the listed marketable securities are subject to limitations due to pledge as collateral for loans or other restrictions per agreements, the Group should disclose the number of shares, the pledged amounts, and the details of the restrictions in the remark column.

PAN GERMAN UNIVERSAL MOTORS LTD. AND SUBSIDIARIES

Acquisition of Real Estate with a Transaction Amount Reaching NT\$ 300 Million or 20% of Paid-in Capital.

For the Year Ended December 31, 2024

Table 2

(In thousands of NTD, unless otherwise specified)

Acquirer	Property Name	Date of Transaction	Transaction Amount	Payment Status	Transaction Counterparty	Relationship	Previous Transfer Data If the Transaction Counterparty Is a Related Party				Basis of Pricing	Purpose of Acquisition and Usage	Other Matters
							Owner	Relationship with Issuer	Transfer Date	Amount			
Pan German Universal Motors Ltd.	Property under construction	2024.01.30 (Note 2)	\$ 890,476	\$ 311,571	Fuli Construction Co., Ltd.	Unrelated party	-	-	-	\$ -	Price comparison and negotiation	Showroom	No
Pan German Universal Motors Ltd.	Prepayments for facilities	2024.09.16 (Note 3)	1,216,817	1,216,817	Land Administration Bureau of Taichung City Government	Unrelated party	-	-	-	-	Open Tender	Showroom	No

Note 1: Paid-in capital refers to the paid-in capital of the parent company. For transactions where the issuer's stocks have no par value or the par value per share is not NT 10, the transaction amount equivalent to 20% of the paid-in capital is calculated based on 10% of the equity attributable to owners of the parent as reported in the balance sheet.

Note 2: The board of directors approved the resolution on January 30, 2024, and the contract was officially signed on March 25, 2024.

Note 3: The board of directors approved the resolution on September 16, 2024, and the bid was successfully won on September 19, 2024, and the transfer was completed in January 2025.

PAN GERMAN UNIVERSAL MOTORS LTD. AND SUBSIDIARIES
Related-party Transactions for Purchases and Sales Reaching NT\$ 100 Million or 20% of Paid-In Capital
For the Year Ended December 31, 2024

Table 3

(In thousands of NTD, unless otherwise specified)

Purchaser (seller)	Transaction Counterparty	Relationship	Transaction Details				Terms and Conditions differ from general transactions The situation and reason		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount	Percentage of Total Purchases (Sales)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Notes/Accounts Receivable (Payable)	
Pan German Universal Motors Ltd.	Pan German Motors Ltd.	The entity is a joint venture	Purchase	\$ 30,943,780	60%	Note	No comparable unrelated parties	No comparable unrelated parties	(\$ 496,656)	(89%)	Prepayments to suppliers \$1,824,653
Pan German Universal Motors Ltd.	Union Capital Carleasing Ltd.	The entity is a joint venture	Purchase	127,033	-	O/A 60 days	No comparable unrelated parties	No comparable unrelated parties	(464)	-	
Pan German Universal Motors Ltd.	Yi Der International Ltd.	The entity is a joint venture	Sale	2,529,073	5%	Immediate payment	Same as unrelated parties	Same as unrelated parties	173	-	Contract liabilities 2,655
Pan German Universal Motors Ltd.	Union Capital Carleasing Ltd.	The entity is a joint venture	Sale	3,155,776	6%	Immediate payment	Same as unrelated parties	Same as unrelated parties	2,275	-	
Pan German Universal Motors Ltd.	Pan German Motors Ltd.	The entity is a joint venture	Sale	335,640	1%	O/A 60 days	No comparable unrelated parties	No comparable unrelated parties	199,323	42%	Contract liabilities 763
Jet-Li Motors Ltd.	Union Capital Carleasing Ltd.	The entity is a joint venture	Sale	383,019	11%	Immediate payment	Same as unrelated parties	Same as unrelated parties	-	-	Contract liabilities 11,184

Note: Payment for vehicles must be fully settled before delivery; payment for parts is O/A 45-day payment term.

PAN GERMAN UNIVERSAL MOTORS LTD. AND SUBSIDIARIES
Receivables from Related Parties with Amounts Reaching NT\$ 100 Million or 20% of Paid-in Capital
December 31, 2024

Table 4 (In thousands of NTD, unless otherwise specified)

Company with Receivables	Transaction Counterparty	Relationship	Balance of Receivables from Related Party	Turnover Ratio	Accounts Receivable Overdue from Related Parties		Amount recovered after the period	Loss Allowance
					Amount	Handling Method		
Pan German Universal Motors Ltd.	Pan German Motors Ltd.	The entity is a joint venture	\$ 837,782	-	\$ 1,391	-	\$ 337,964	\$ 1,004

Note 1: The receivables of Pan German Universal Motors Ltd. due from Pan German Motors Ltd. totaled NT\$ 837,782 thousand, comprising accounts receivable of NT\$ 199,323 thousand and other receivables of NT\$ 638,459 thousand.

PAN GERMAN UNIVERSAL MOTORS LTD. AND SUBSIDIARIES

Intercompany Transactions and Amounts

For the Year Ended December 31, 2024

Table 5

(In thousands of NTD, unless otherwise specified)

Number (Note 1)	Purchaser (seller)	Transaction Counterparty	Relationship with the Counterparty (Note 2)	Transaction Details			Percentage of total consolidated revenues or of assets (Note 3)
				Account Title	Amount	Transaction Terms	
0	Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	(1)	Sales revenue	\$ 42,126	Unique in nature, no comparable unrelated parties	-
0	Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	(1)	Purchase	22,680	Unique in nature, no comparable unrelated parties	-
0	Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	(1)	Accounts receivable due from related parties	490	Immediate payment	-
0	Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	(1)	Other receivables due from related parties	853	O/A 60 days	-
0	Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	(1)	Accounts payable to related parties	1,112	Immediate payment	-
0	Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	(1)	Other payables - related party	6	O/A 60 days	-
0	Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	(1)	Other income	190	Immediate payment	-

Note 1: Information on business transactions between the parent company and subsidiaries should be denoted separately in the number column. The method for filling in the numbers is as follows:

- (1) The parent company: "0".
- (2) Subsidiaries: sequentially numbered starting from "1".

Note 2: Relationships with the purchaser (seller) are classified as follows:

- (1) Parent company and subsidiary.
- (2) Subsidiary and parent company.
- (3) Associates.

Note 3: For the calculation of the transaction amount as a percentage of total consolidated revenue or total consolidated assets, if the account is recognized in assets or liabilities, the percentage is calculated based on the closing balance as a proportion of total consolidated assets; if the account is recognized in profit or loss, the percentage is calculated based on the amount accumulated during the period as a proportion of total consolidated revenue.

PAN GERMAN UNIVERSAL MOTORS LTD. AND SUBSIDIARIES

Information on Investees (Including Locations)

For the Year Ended December 31, 2024

Table 6

Unit: Unless otherwise specified
NTD Thousand

Investor	Investee	Location	Main Businesses	Initial Investment Amount		End-of-period holdings			Profit and Loss of Investee	Investment Profit and Loss Recognized for the Period	Note
				End of the Period	End of Last Year	Number of Shares	Percentage	Book value			
Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	Taiwan	Transactions of vehicles, parts, and accessories as well as maintenance and repair service.	\$ 393,338	\$ 393,338	16,000,000	100%	\$ 566,489	\$ 129,778	\$ 129,778	

PAN GERMAN UNIVERSAL MOTORS LTD.

Information on Major Shareholders

December 31, 2024

Table 7

Name of Major Shareholder	Shares	
	Shares Held	Shareholding (%)
De-Chen Ltd.	14,416,251	17.86%
San Jie Co., Ltd.	12,792,000	15.85%
Xing Rong Co., Ltd.	12,792,000	15.85%
Yun-Hwa Ltd.	8,428,171	10.44%
Yung Foong Motors Ltd.	5,448,448	6.75%

Note: The information on major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation, based on the number of ordinary and preferred shares held by shareholders that own 5% or more of the total shares, which have been fully dematerialized and registered as of the last business day of the current quarter. The share capital stated in the Company's consolidated financial statements may differ from the actual number of dematerialized and registered shares due to differences in calculation bases.