HOTAI FINANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022
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Hotai Finance Company Limited

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Hotai Finance Company Limited

March 12, 2024

INDEPENDENT AUDITORS' REPORT
(TRANSLATED FROM CHINESE)

To the Board of Directors and Stockholders of Hotai Finance Company Limited.

Opinion

We have audited the accompanying consolidated balance sheets of Hotai Finance Co., Ltd. and subsidiaries (the "Group") as at December 31, 2023 and 2022, 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 and the reports of other auditors(please refer to the *Other matter* section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, 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 opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate 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 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the Group's 2023 consolidated financial statements are as follows:

Evaluation of provision for impairment of accounts receivable

Description

Please refer to Note 4(10) to the consolidated financial statements for accounting policy on provision for impairment of accounts receivable, Note 5(2) for uncertainty of accounting estimates and assumptions, and Note 6(4) for details of accounts receivable.

The Group's primary business is providing installment sales and leases of vehicles and lease services. In the supply chain of motor vehicles, the role of the Group is to provide customers with flexible financing options and to streamline the vehicle delivery process. Therefore, the Group is responsible for the collections of accounts receivable and manages overdue accounts.

When accounts receivable are past due over 30 days, the Group already considers the collectability of those accounts in doubt. In addition to enhancing collection progress from customers, management also assesses the probability of overdue accounts becoming impaired over the past years. Impairment is provided for those doubtful accounts receivable depending on the length of overdue days and consider forward-looking factors such as the future economic conditions. Management evaluates the individual circumstances of each overdue amount to decide whether to measure the loss allowance.

The assessment above involves management's judgement and multiple factors that may be affected by the past events, current conditions, and the future economic conditions. The results will directly influence the amounts recognized. Therefore, the estimation of the loss allowance is identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above matter are summarized as follows:

1. Understood the policy of provision for impairment of accounts receivable (including relevance to macroeconomic indicators of forward-looking information) and the logic of the aging report system.

2. For those accounts past due over 30 days, the Group will estimate and recognize the impairment of accounts receivable based on the probability of overdue accounts becoming impaired over the past years and the Group's policy. We understood and assessed the occurrence percentage of actual impairment compared to the overdue accounts receivable over the past years, and the forward-looking information, to evaluate the reasonableness of the provision for impairment policy. In addition, we sampled and examined the group category of expected credit losses report, and checked the consistency with system information.

3. Examined and evaluated samples of the categorized group report of the loss of expected credit and compared it with the system information.

Other matter – Reference to the reports of other auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and the information on the investee disclosed in Note 13 is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT$1,726,977 thousand and NT$285,092 thousand, constituting 0.55% and 0.11% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the operating revenue amounted to NT$66,679 thousand and NT$3,606 thousand, constituting 0.23% and 0.02% of the consolidated total operating revenue for the years then ended December 31, 2023 and 2022, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with an other matter section on the parent company only financial statements of Hotai Finance Company Limited as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 judgement and professional skepticism throughout the audit. We also:

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

B. 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.

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

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

E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hsiao, Chun-Yuan Lin, Chia-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023			December 31, 2022		
				Amount	%		Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	2,878,184	1	$	2,382,775	1
1110	Financial assets at fair value through profit or loss-current	6(2)		-	-		300,000	-
1139	Hedging financial assets-current	6(3)		570,885	-		504,827	-
1150	Notes receivable, net	6(4) and 8		11,912,779	4		9,340,046	4
1170	Accounts receivable, net	6(4), 7 and 8		261,555,829	84		216,928,982	85
1200	Other receivables			78,696	-		82,568	-
130X	Inventories			4,962	-		5,979	-
1410	Prepayments	6(5) and 7		6,747,521	2		6,886,170	3
1476	Other current financial assets	8		506,020	-		373,119	-
11XX	**Total current Assets**			284,254,876	91		236,804,466	93
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income-non-current			19,656	-		3,519	-
1550	Investments accounted for using equity method	6(6)		1,134,293	1		115,502	-
1600	Property, plant and equipment, net	6(7) and 8		9,090,069	3		6,886,804	3
1755	Right-of-use assets	6(8)		497,696	-		368,464	-
1760	Investment property, net	6(10)		282,607	-		284,766	-
1780	Intangible assets	6(11)		443,288	-		-	-
1840	Deferred income tax assets	6(30)		1,004,499	-		826,857	-
1930	Long-term notes and accounts receivable	6(4)		13,491,252	4		8,463,807	3
1990	Other non-current assets, others	8		1,921,476	1		1,610,903	1
15XX	**Total non-current assets**			27,884,836	9		18,560,622	7
1XXX	**Total assets**		$	312,139,712	100	$	255,365,088	100

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HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Liabilities					
	Current liabilities					
2100	Short-term loans	6(12)	$ 92,619,765	30	$ 83,933,343	33
2110	Short-term notes and bills payable	6(13)	133,524,317	43	104,986,596	41
2126	Hedging financial liabilities-current	6(3)	1,087,983	-	586,800	-
2150	Notes payable		1,522,704	1	762,215	1
2170	Accounts payable		484,272	-	355,928	-
2180	Accounts payable - related parties	7	223,514	-	158,458	-
2200	Other payables	7	3,390,682	1	3,165,332	1
2230	Current income tax liabilities		854,078	-	724,843	-
2280	Current lease liabilities	7	144,040	-	114,848	-
2320	Bonds payable	6(14)	31,200,000	10	22,200,000	9
2320	Long-term liaiblities, current portion	6(15)	595,200	-	7,891	-
2370	Current financial guarantee liabilities		27,486	-	39,598	-
2399	Guarantee deposits received-current	6(16)	4,404,620	1	4,275,142	2
2399	Other current liabilities, others		46,109	-	65,667	-
21XX	**Total current liabilities**		270,124,770	86	221,376,661	87
	Non-current liabilities					
2540	Long-term loans	6(15)	936,215	1	254,832	-
2570	Deferred income tax liabilities	6(30)	473,579	-	360,686	-
2580	Lease liabilities-non-current	7	354,326	-	255,831	-
2645	Guarantee deposits received-non-current	6(16)	255,984	-	224,064	-
25XX	**Total non-current liabilities**		2,020,104	1	1,095,413	-
2XXX	**Total Liabilities**		272,144,874	87	222,472,074	87
	Equity					
	Share capital	6(19)				
3110	Common stock		5,665,004	2	5,150,004	2
3120	Preference stock		1,000,000	-	500,000	-
	Capital surplus	6(20)				
3200	Capital surplus		17,011,275	6	12,510,367	5
	Retained earnings	6(21)				
3310	Legal reserve		2,445,870	1	2,083,531	1
3320	Special reserve		23,732	-	157,171	-
3350	Unappropriated earnings		10,066,623	3	8,981,897	4
	Other equity interest					
3400	Other equity interest		(114,895)	-	98,329	-
31XX	**Total equity attributable to shareholders of the parent**		36,097,609	12	29,481,299	12
36XX	Non-controlling interest		3,897,229	1	3,411,715	1
3XXX	**Total equity**		39,994,838	13	32,893,014	13
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant event after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 312,139,712	100	$ 255,365,088	100

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	Year ended December 31 2023 Amount	%	2022 Amount	%
4000	Operating revenue	6(22) and 7	$ 28,660,435	100	$ 22,787,250	100
5000	Operating costs	6(23) and 7	(11,967,337)	(42)	(8,174,315)	(36)
5900	Gross profit		16,693,098	58	14,612,935	64
	Operating expenses	6(28)(29) and 7				
6100	Selling expenses		(5,947,300)	(21)	(6,293,747)	(28)
6200	General and administrative expenses		(2,115,489)	(7)	(1,726,702)	(7)
6450	Expected credit losses		(3,404,375)	(12)	(1,842,082)	(8)
6000	Total operating expenses		(11,467,164)	(40)	(9,862,531)	(43)
6900	Operating profit		5,225,934	18	4,750,404	21
	Non-operating income and expenses					
7100	Interest income	6(24)	27,751	-	22,678	-
7010	Other income	6(25)	334,325	1	615,636	3
7020	Other gains and losses	6(26)	(22,754)	-	(8,645)	-
7050	Finance costs	6(27)	(6,375)	-	(4,059)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(6)	(27,670)	-	(19,496)	-
7000	Total non-operating income and expenses		305,277	1	606,114	3
7900	**Profit before income tax**		5,531,211	19	5,356,518	24
7950	Income tax expense	6(30)	(1,439,055)	(5)	(1,286,934)	(6)
8200	**Profit for the year**		$ 4,092,156	14	$ 4,069,584	18

(Continued)

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2023		2022	
	Items	Notes	Amount	%	Amount	%
	Other comprehensive income (loss) for the year					
	Components of other comprehensive income that may not be reclassified to profit or loss					
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income		$ 137	-	$ 162	-
8310	Total components of other comprehensive income that may not be reclassified to profit or loss		137	-	162	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		(112,003)	-	72,090	-
8368	(Losses) gains on hedging instruments	6(3)	(204,858)	(1)	266,365	1
8399	Income tax related to components of other comprehensive income (losses) that will be reclassified to profit or loss	6(30)	36,279	-	(57,232)	-
8360	Total components of other comprehensive income (loss) that will be reclassified to profit or loss		(280,582)	(1)	281,223	1
8300	**Other comprehensive income (loss) for the year, net of tax**		($ 280,445)	(1)	$ 281,385	1
8500	**Total comprehensive income for the year**		$ 3,811,711	13	$ 4,350,969	19
	Profit attributable to:					
8610	Owners of the parent		$ 3,689,812	13	$ 3,623,387	16
8620	Non-controlling interests		402,344	1	446,197	2
			$ 4,092,156	14	$ 4,069,584	18
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 3,476,588	12	$ 3,878,887	17
8720	Non-controlling interests		335,123	1	472,082	2
			$ 3,811,711	13	$ 4,350,969	19
	Earnings per share (in dollars)	6(31)				
9750	Basic earnings per share		$ 6.41		$ 6.40	
9850	Diluted earnings per share		$ 6.40		$ 6.39	

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Share capital			Retained earnings			Other equity interest					
	Notes	Common stock	Preference stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(Losses) gains on hedging instruments	Total	Non-controlling interest	Total equity
Year ended December 31, 2022													
Balance at January 1, 2022		$ 5,150,004	$ -	$ 8,000,217	$ 1,769,387	$ 75,482	$ 7,917,345	($ 107,689)	$ 2,994	($ 52,476)	$ 22,755,264	$ 2,738,415	$ 25,493,679
Profit for the year		-	-	-	-	-	3,623,387	-	-	-	3,623,387	446,197	4,069,584
Other comprehensive income for the year		-	-	-	-	-	-	36,406	162	218,932	255,500	25,885	281,385
Total comprehensive income		-	-	-	-	-	3,623,387	36,406	162	218,932	3,878,887	472,082	4,350,969
Appropriation and distribution of retained earnings													
Legal reserve	6(21)	-	-	-	314,144	-	(314,144)	-	-	-	-	-	-
Special reserve	6(21)	-	-	-	-	81,689	(81,689)	-	-	-	-	-	-
Cash dividend on common stock	6(21)	-	-	-	-	-	(2,163,002)	-	-	-	(2,163,002)	-	(2,163,002)
Issuance of preference stock	6(19)	-	500,000	4,500,000	-	-	-	-	-	-	5,000,000	-	5,000,000
Compensation cost of share-based payments		-	-	10,150	-	-	-	-	-	-	10,150	-	10,150
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	201,218	201,218
Balance at December 31, 2022		$ 5,150,004	$ 500,000	$ 12,510,367	$ 2,083,531	$ 157,171	$ 8,981,897	($ 71,283)	$ 3,156	$ 166,456	$ 29,481,299	$ 3,411,715	$ 32,893,014
Year ended December 31, 2023													
Balance at January 1, 2023		$ 5,150,004	$ 500,000	$ 12,510,367	$ 2,083,531	$ 157,171	$ 8,981,897	($ 71,283)	$ 3,156	$ 166,456	$ 29,481,299	$ 3,411,715	$ 32,893,014
Profit for the year		-	-	-	-	-	3,689,812	-	-	-	3,689,812	402,344	4,092,156
Other comprehensive income (loss) for the year		-	-	-	-	-	-	(56,449)	190	(156,965)	(213,224)	(67,221)	(280,445)
Total comprehensive income (loss)		-	-	-	-	-	3,689,812	(56,449)	190	(156,965)	3,476,588	335,123	3,811,711
Appropriation and distribution of retained earnings													
Legal reserve	6(21)	-	-	-	362,339	-	(362,339)	-	-	-	-	-	-
Special reserve reversed	6(21)	-	-	-	-	(133,439)	133,439	-	-	-	-	-	-
Dividend on preferred stock	6(21)	-	-	-	-	-	(58,685)	-	-	-	(58,685)	-	(58,685)
Cash dividend on common stock	6(21)	-	-	-	-	-	(1,802,501)	-	-	-	(1,802,501)	(229,609)	(2,032,110)
Stock dividend on common stock	6(19)(21)	515,000	-	-	-	-	(515,000)	-	-	-	-	-	-
Issuance of preference stock	6(19)	-	500,000	4,500,000	-	-	-	-	-	-	5,000,000	-	5,000,000
Compensation cost of share-based payments	6(18)	-	-	908	-	-	-	-	-	-	908	-	908
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	380,000	380,000
Balance at December 31, 2023		$ 5,665,004	$ 1,000,000	$ 17,011,275	$ 2,445,870	$ 23,732	$ 10,066,623	($ 127,732)	$ 3,346	$ 9,491	$ 36,097,609	$ 3,897,229	$ 39,994,838

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
Cash Flows From Operating Activities			
Profit before tax		$ 5,531,211	$ 5,356,518
Adjustments to reconcile net profit to net cash used in operating activities			
Income and expenses having no effect on cash flows			
Expected credit losses and financial guarantee expenses		4,411,363	2,685,773
Depreciation	6(28)	1,485,314	1,435,359
Amortization	6(11)	12,468	-
Reversal of impairment loss recognized on leased assets	6(7)	(2,437)	(4,236)
Gains on financial assets at fair value through profit or loss	6(2)(26)	(6,313)	(3,264)
Share-based payments	6(18)	908	10,150
Net losses (gains) on disposals of property, plant and equipment	6(26)	112	(3,236)
Interest expense	6(23)(27)	4,522,930	2,572,427
Interest income	6(22)(24)	(20,832,677)	(16,306,889)
Dividend income		(900)	(911)
Profit from lease modification	6(8)	(887)	(770)
Share of profit or loss of associates accounted for using equity method	6(6)	27,670	19,496
Exchange gain		-	3,805
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating assets			
Financial assets at fair value through profit or loss		306,313	(296,736)
Notes and accounts receivable		(5,622,431)	(52,699,883)
Other receivables		24,632	5,667
Inventories		781,988	363,189
Prepayments		176,359	(248,300)
Other financial assets		(117,438)	(1,981)
Net changes in liabilities relating to operating activities			
Notes and accounts payable		929,840	100,181
Other payables		(294,246)	253,887
Current financial guarantee liabilities		(12,112)	(14,109)
Other current liabilities, others		(21,534)	4,374
Cash outflow generated from operations		(59,699,867)	(56,769,489)
Cash dividends received		900	911
Interest received		20,822,329	16,287,954
Interest paid		(4,451,559)	(2,431,301)
Income tax paid		(1,442,906)	(1,126,953)
Net cash flows used in operating activities		(44,771,103)	(44,038,878)
Cash Flows From Investing Activities			
Acquisition of property, plant and equipment	6(33)	(3,273,932)	(2,497,377)
Net cash flow from acquisition of subsidiaries		(600,756)	(13,228)
Acquisition of financial assets at fair value through other comprehensive income		(16,000)	-
Acquisition of investments accounted for using equity method	6(6)	(1,046,461)	(31,850)
Proceeds from disposal of property, plant and equipment		15,794	8,391
Increase in other non-current assets		(501,517)	(13,351)
Net cash flows used in investing activities		(5,422,872)	(2,547,415)
Cash Flows From Financing Activities			
Increase in short-term loans	6(34)	8,839,685	26,581,698
Increase in short-term notes and bills payable	6(34)	28,530,012	8,113,400
Proceeds from long-term loans	6(34)	1,434,102	4,235
Repayments of long-term loans	6(34)	(790,498)	(1,315)
Proceeds from issuance of bonds payable	6(14)(34)	9,000,000	10,000,000
Increase in guarantee deposits received	6(34)	160,596	534,005
Cash dividends paid	6(34)	(1,861,186)	(2,163,002)
Proceeds from issuance of preference stock	6(19)	5,000,000	5,000,000
Increase (decrease) in other payables	6(34) and 7	423,085	(296,867)
Repayment of principal portion of lease liabilities	6(34)	(149,623)	(151,410)
Cash dividends distributed by subsidiaries to non-controlling interests		(229,609)	-
Change in non-controlling interests		380,000	200,000
Net cash flows from financing activities		50,736,564	47,820,744
Effect of exchange rate changes		(47,180)	89,751
Increase in cash and cash equivalents		495,409	1,324,202
Cash and cash equivalents at beginning of year		2,382,775	1,058,573
Cash and cash equivalents at end of year		$ 2,878,184	$ 2,382,775

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

HOTAI FINANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Hotai Finance Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in installment sales and leases of vehicles and equipment. Hozan Investment Co., Ltd. holds 45.395% ordinary equity interest in the Company. Ho Tai Motor Co. Ltd. is the Group's ultimate parent company.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 12, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards that came into effect as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale of contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared 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 FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Hedging financial assets and liabilities.

(b) Financial assets at fair value through profit or loss.

(c) Financial assets at fair value through other comprehensive income.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2023	December 31, 2022	Description
Hotai Finance Co., Ltd.	Hoyun International Limited	General investment	50.50	50.50	
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Leasing of light passenger vehicles	50.82	50.82	
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Installment sales of various vehicles	81.00	81.00	
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Solar energy business	80.00	80.00	Note 1
He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Energy storage business	100.00	100.00	Note 2
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Solar energy business	96.97	90.00	Note 3, 11
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Solar energy business	99.00	90.00	Note 3, 11
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	Solar energy business	99.00	90.00	Note 3, 11
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Electricity retailing business	100.00	-	Note 4
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Solar energy business	100.00	-	Note 5
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Solar energy business	100.00	-	Note 9
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Solar energy business	100.00	-	Note 9
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Solar energy business	100.00	-	Note 10
Cheng Yo Technology Co., Ltd.	Hon Yang Energy Co., Ltd.	Solar energy business	100.00	-	Note 10
Hoyun International Limited	Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	100.00	100.00	Note 6
Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring service	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Leasing of vehicles	100.00	100.00	
Hoyun International Leasing Co., Ltd.	Hangzhou Yiyou Network Technology Co., Ltd.	Leasing business	100.00	100.00	Note 7

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Description
Hoyun International Leasing Co., Ltd.	Hangzhou Wangyou Technology Co., Ltd.	Leasing business	100.00	100.00	Note 7
Hoyun International Leasing Co., Ltd.	Hemei International Trade (Suzhou) Co., Ltd.	Goods trading business	100.00	100.00	Note 8

Note 1: Established in February 2022.

Note 2: Acquired in September 2022.

Note 3: Acquired in October 2022.

Note 4: Established in February 2023.

Note 5: Acquired in March 2023.

Note 6: Hoyun International Lease Co., Ltd. was renamed as Hoyun International Leasing Co., Ltd. in September 2022.

Note 7: Acquired in May 2022.

Note 8: Established in June 2022. Homei Consulting (Suzhou) Company Limited was renamed as Homei International Trade (Suzhou) Co., Ltd. in June 2023.

Note 9: Acquired in August 2023.

Note 10: Acquired in September 2023.

Note 11: On October 11, 2023, the subsidiary, He Jun Energy Co., Ltd., participated in the cash capital increase of subsidiaries, Chaoyang Energy Co., Ltd., Guang Yang Energy Co., Ltd. and XianYao Energy Co., Ltd., amounting to $23,000, $20,700 and $26,640, respectively. After the capital increase, their shareholding ratio became 96.97%, 99% and 99%, respectively.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: Not applicable.

E. Significant restrictions: Not applicable.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2023 and 2022, the non-controlling interest amounted to $3,897,229 and $3,411,715, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2023		December 31, 2022	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
Hoyun International Limited	China	$ 2,781,574	49.50%	$ 2,708,554	49.50%

Summarised financial information of the subsidiaries:

Balance sheets

	Hoyun International Limited	
	December 31, 2023	December 31, 2022
Current assets	$ 34,022,605	$ 26,651,451
Non-current assets	3,466,359	3,029,418
Current liabilities	(31,558,844)	(23,836,645)
Non-current liabilities	(310,778)	(372,397)
Total net assets	$ 5,619,342	$ 5,471,827

Statements of comprehensive income

	Hoyun International Limited	
	Year ended Decemeber 31,	
	2023	2022
Revenue	$ 4,298,198	$ 3,654,842
Profit before income tax	1,061,332	1,189,879
Income tax expense	(314,937)	(305,511)
Profit for the period	746,395	884,368
Other comprehensive (loss) income, net of tax	(135,243)	52,294
Total comprehensive income for the period	$ 611,152	$ 936,662
Comprehensive income attributable to non-controlling interest	$ 302,521	$ 463,647

Statements of cash flows

	Hoyun International Limited	
	Year ended Decemeber 31,	
	2023	2022
Net cash used in operating activities	($ 3,946,811)	($ 2,931,203)
Net cash used in investing activities	(506,832)	(604,663)
Net cash provided by financing activities	5,988,144	3,723,426
Effect of exchange rates on cash and cash equivalents	(47,180)	89,751
Increase in cash and cash equivalents	1,487,321	277,311
Cash and cash equivalents, beginning of period	774,647	497,336
Cash and cash equivalents, end of period	$ 2,261,968	$ 774,647

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges qualifying net investment hedges.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

The Group is engaged in installment sales, and the operating cycle usually exceeds 1 year. The Group uses the operating cycle as its criterion for classifying current or non-current assets and liabilities related to installment sales. For other assets and liabilities, the criteria are as follows:

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) <u>Cash equivalents</u>

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) <u>Financial assets at fair value through profit or loss</u>

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) <u>Financial assets at fair value through other comprehensive income</u>

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortized cost, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. However, for accounts receivable or operating lease receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor) - lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(13) Investments accounted for using equity method -associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for under the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	15 ~ 50 years
Furniture and fixtures (office equipment)	1 ~ 20 years
Transportation equipment	1 ~ 6 years
Leasehold improvements	1 ~ 10 years

(15) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize any gain or loss relating to the partial or full termination of the lease in profit or loss.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 15 ~ 50 years.

(17) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Intangible assets other than goodwill, mainly electricity sales agreements, are amortised on a straight-line basis over their estimated useful life of 16 years.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for goods or services acquired from suppliers and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

(22) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognized at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortized to profit or loss over the period of bond circulation using the effective interest method as an adjustment to the ‘finance costs’.

(23) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. At initial recognition, the Group measures financial guarantee contracts at fair value and subsequently at the higher of the amount of provisions determined by the expected credit losses and the cumulative gains that were previously recognized.

(24) Hedge activities

A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group’s risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.

B. The Group designates the hedging relationship as follows:

Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

C. Cash flow hedges

(a) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):

i. The cumulative gain or loss on the hedging instrument from inception of the hedge; and

ii. The cumulative change in fair value of the hedged item from inception of the hedge.

(b) The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognized in profit or loss.

(c) The amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:

i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.

ii. For cash flow hedges other than those covered by item i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

(d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(27) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(28) Share capital

Ordinary shares are classified as equity. The classification of preferred shares is determined according to the special rights attached to the preferred shares based on the substance of the contract and the definition of financial liabilities and equity instruments. Preferred shares are classified as liabilities when they have the fundamental characteristic of financial liabilities; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(29) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are approved by the Board of Directors; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance in the Company's financial statements in the period in which they are approved by the Company's shareholders.

(30) Revenue recognition

A. Sales of goods

Revenue from sales of goods comes from sales of operating assets held for rental to others. Sales are recognized when control of the products has transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Interest income

The Group accrues interest income from installment sales. No gross profit is recognized from transactions. The accounting treatment is to recognize future proceeds from loans receivable and not to recognize sales revenue and cost of sales when transactions occur. When the amount of installment payment exceeds the price of cash sale, the difference is recognized as unrealized interest income and listed as a deduction to installment notes and accounts receivable, which interest is recognized using interest method annually over the installment period.

C. Rental revenue

Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards of the leased asset. Otherwise a lease is classified as an operating lease. The lessor records the payments arising from the finance lease as 'lease receivables'.

The lessor allocates finance income in each accounting period to reflect a constant periodic rate of return during each period. Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term.

D. Service revenue

The Group has an agreement with the financial institutions in relation to providing referral services of car loans. The Group facilitates the promotion of car loans and provides services of account management while the financial institutions compensate the Group when they receive the repayments from clients. The compensation is recognized as revenue on an accrual basis monthly.

The debt is transferred from the loan borrowers to the Group once the borrowers default on loans. The Group pursues the defaulting borrowers for outstanding payments. Please refer to Note 4(23) for the information of financial guarantee contracts.

E. Electricity sales revenue

The Group operates solar power plants, generates electricity and transmits it to Taiwan Power Company through transmission lines. Sales revenue, which is measured at an agreed upon amount under the contract, is recognized when the goods are delivered, the amount can be estimated reliably, and it is probably bring in the future economic benefit.

(31) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of allowance for doubtful accounts

For the Group, the impairment allowance for notes and accounts receivable is provided for based on the probability of impairment depending on the length of overdue days and considering forward-looking factors such as the future economic conditions. The provision for allowance for impairment of accounts receivable is recognized individually when the accounts receivable becomes past due and deemed unrecoverable by assessing the customer's financial status or payment history. The valuation of provision is a reasonable prediction of the past events, current conditions, and the future economic conditions. Significant changes may occur when there are differences between actual results and estimation.

The carrying amount of notes and accounts receivable (including long-term notes and accounts receivable) is $286,959,860 as of December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 3,995	$ 3,966
Checking accounts and demand deposits	2,852,580	2,356,739
Cash equivalents		
Time deposits	21,609	22,070
	$ 2,878,184	$ 2,382,775

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ -	$ 300,000

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended Decemeber 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 6,313	$ 3,264

B. The Group has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Hedging financial assets and liabilities

	December 31, 2023		December 31, 2022	
	Current assets	Current liabilities	Current assets	Current liabilities
Cash flow hedges:				
Exchange rate risk and interest rate risk				
Cross-currency swaps	$ 570,885	($ 1,087,983)	$ 504,827	($ 586,800)

A. Hedge accounting is applied to remove the accounting inconsistency between the hedging instrument and the hedged item. As the Group's foreign currency denominated loans are exposed to the impact of variable exchange rate and interest rates, the Group uses cross-currency swap to control the exchange rate risk and interest rates under their acceptable range.

B. Transaction information associated with the Group adopting hedge accounting is as follows:

	December 31, 2023						Year ended December 31, 2023		
Hedging instruments	Notional amount (in thousand dollars)		Contract period	Assets carrying amount	Liabilities carrying amount	Changes in fair value in relation to recognizing hedge ineffectiveness basis	Average exchange rates	Average interest rate	Gains (losses) on valuation of ineffective hedge that will be recognized in financial assets/liabilities at fair value through profit or loss
Cash flow hedges:									
Exchange rate risk									
Interest rate risk									
Cross-currency swaps transactions	USD	67,550	2022/1/12~ 2025/1/13	$ 199,234	$ -	$ -	6.33~6.55	4.11~5.30	$ -
	USD	30,000	2023/9/7~ 2024/9/6	-	(30,648)	-	31.97	1.85	-
	JPY	66,100,000	2021/9/30~ 2025/5/2	114,975	(1,042,778)	-	0.21~0.25	0.83~2.32	-
	JPY	4,000,000	2023/10/23~ 2026/10/23	-	(14,557)	-	0.05	4.20	-
	EUR	75,000	2022/9/12~ 2024/9/12	256,676	-	-	30.6	2.04	-

Hedging instruments	Notional amount (in thousand dollars)		Contract period	Assets carrying amount	Liabilities carrying amount	Changes in fair value in relation to recognizing hedge ineffectiveness basis	Average exchange rates	Average interest rate	Gains (losses) on valuation of ineffective hedge that will be recognized in financial assets/liabilities at fair value through profit or loss
	December 31, 2022						Year ended December 31, 2022		
Cash flow hedges:									
Exchange rate risk									
Interest rate risk									
Cross-currency swaps transactions	USD	69,050	2022/1/12~ 2025/1/13	$ 162,926	$ -	$ -	6.33~6.55	4.108~5.30	$ -
	JPY	58,800,000	2020/8/5~ 2024/9/9	182,211	(586,800)	-	0.23~0.28	0.83~2.24	-
	EUR	75,000	2022/9/12~ 2024/9/12	159,690	-	-	30.60	2.04	-

Hedged items	Liabilities carrying amount	Valuation on liabilities' carrying amount due to fair value hedges
	December 31, 2023	
Cash flow hedges:		
Exchange rate risk and interest rate risk		
Long-term and short-term loans	$ 21,301,981	($ 513,765)

Hedged items	Liabilities carrying amount	Valuation on liabilities' carrying amount due to fair value hedges
	December 31, 2022	
Cash flow hedges:		
Exchange rate risk and interest rate risk		
Long-term and short-term loans	$ 18,495,220	($ 282,796)

C. Cash flow hedges

	Year ended December 31, 2023
Other equity - cash flow hedge reserve	
At January 1	$ 156,657
Less: Losses on hedge effectiveness-amount recognized in other comprehensive income	(181,631)
Less: Reclassified to profit or loss as the hedged item has affected the profit and loss	(23,227)
Add: Income tax relating to the hedge effectiveness-amount recognized in other comprehensive income	36,279
At December 31	($ 11,922)

	Year ended December 31, 2022
Other equity - cash flow hedge reserve	
At January 1	($ 52,476)
Add: Gains on hedge effectiveness-amount recognized in other comprehensive income	324,887
Less: Reclassified to profit or loss as the hedged item has affected the profit and loss	(58,522)
Less: Income tax relating to the hedge effectiveness-amount recognized in other comprehensive income	(57,232)
At December 31	$ 156,657

To hedge exposed exchange rate risk and interest rate risk arising from loans, the Group entered into a cross-currency swap agreement. The effective portion with respect to the changes in the fair value of the hedging instruments is deferred to recognize in the cash flow hedge reserve, which is under other comprehensive income, and will be directly included in the exchange gains (loss) on foreign currency and finance costs when the hedged items are subsequently paid the principal or interest.

(4) Notes and accounts receivable, net (including long-term notes and accounts receivable)

	December 31, 2023	December 31, 2022
Installment notes receivable	$ 11,907,542	$ 9,279,605
Installment accounts receivable	288,557,256	234,175,684
Accounts receivable	58,729	10,136
Lease payments and notes receivable	33,497,863	27,491,636
	334,021,390	270,957,061
Less: Unrealized interest revenue	(38,338,575)	(28,830,021)
Unearned finance income	(3,319,045)	(2,685,321)
Allowance for doubtful accounts	(5,403,910)	(4,708,884)
Notes and accounts receivable, net	$ 286,959,860	$ 234,732,835

As of December 31, 2023 and 2022, notes receivable pledged as collaterals for loans and commercial papers to banks amounted to $12,654,914 and $9,419,216, respectively. Please refer to Note 8 for the related information.

A. The ageing analysis of accounts and notes receivable that were past due but not impaired is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 330,161,043	$ 268,604,715
31 to 60 days	1,425,021	794,048
61 to 90 days	763,509	458,572
91 to 120 days	643,436	303,456
121 to 150 days	506,489	305,658
Over 151 days	521,892	490,612
	$ 334,021,390	$ 270,957,061

The above ageing analysis was based on past due date.

B. The expected recovery of the Group's installment notes and accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not later than one year	$ 97,115,040	$ 80,152,869
Over 1 year	203,349,758	163,302,420
	$ 300,464,798	$ 243,455,289

C. Lease payments receivable

Please refer to Note 6(9).

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Prepayments

	December 31, 2023	December 31, 2022
Prepayments	$ 3,169,512	$ 3,205,965
Prepaid commission	2,743,722	2,879,378
Prpaid insurance premiums	195,876	178,600
Others	638,411	622,227
	$ 6,747,521	$ 6,886,170

(6) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Hotai Mobility Service Co., Ltd.	$ 79,151	$ 91,148
Zheng-Ren Energy Co., Ltd.	72,315	24,354
Gochabar Co., Ltd.	29,787	-
Heng Fong Energy Co., Ltd.	405,316	-
Ly Hour Leasing PLC	547,724	-
	$ 1,134,293	$ 115,502

A. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to $1,134,293 and $115,502, respectively.

	Year ended Decemeber 31,	
	2023	2022
Comprehensive loss for the period	($ 27,670)	($ 19,496)

B. The Group’s investments have no quoted market price. The share of profit or loss of investments accounted for using the equity method amounted to ($27,670) and ($19,496) for the years ended December 31, 2023 and 2022, respectively, and were recognized based on the financial statements audited by other independent auditors.

C. In October 2023, the Group acquired 35% of the shareholding of Ly Hour Leasing PLC amounting to US$17,000. Although the Group is the single largest shareholder of Ly Hour Leasing PLC, the combined shareholdings of the other two major shareholders (not related parties) exceed the Group's shareholdings, which indicates that the Group has no real ability to direct the relevant activities and therefore assessed that it does not have control over the company and only has significant influence over it.

D. In February 2023, the Group participated in a cash capital increase of Zheng-Ren Energy Co., Ltd. amounting to $54,880 based on its 35% shareholding ratio. The shareholding ratio remained unchanged.

E. In January 2023, the Group invested in the establishment of Gochabar Co., Ltd. with an investment of $36,000 and a shareholding ratio of 30%.

F. In January 2023, the Group participated in a cash capital increase of Heng Fong Energy Co., Ltd. amounting to $410,000 and a shareholding ratio of 20%.

G. In July 2022, the subsidiary, He Jun Energy Co., Ltd. acquired 35% of the shareholding of Zheng-Ren Energy Co., Ltd. amounting to $350. Also in November 2022, the Group participated in a cash capital increase of $31,500 in proportion to its shareholding. The shareholding ratio remained unchanged. Although the Group is the single largest shareholder of Zheng-Ren Energy Co., Ltd., the combined shareholdings of the other two major shareholders (not related parties) exceed the Group's shareholdings, which indicates that the Group has no real ability to direct the relevant activities and therefore assessed that it does not have control over the company and only has significant influence over it.

(7) Property, plant and equipment

	2023									
			Furniture and fixtures (including office equipment)			Transportation equipment				
	Land	Buildings and structures	Owner-occupied	Lease (Note 1)	Subtotal	Owner-occupied	Lease (Note 1)	Subtotal	Leasehold improvements	Total
At January 1										
Cost	$ 947,458	$ 267,998	$ 691,942	$ 438,116	$1,130,058	$142,887	$ 7,129,629	$7,272,516	$ 110,624	$ 9,728,654
Accumulated depreciation and impairment	-	(17,274)	(83,248)	(262,657)	(345,905)	(82,136)	(2,331,015)	(2,413,151)	(65,520)	(2,841,850)
	$ 947,458	$ 250,724	$ 608,694	$ 175,459	$ 784,153	$ 60,751	$ 4,798,614	$4,859,365	$ 45,104	$ 6,886,804
Opening net book amount as at January 1	$ 947,458	$ 250,724	$ 608,694	$ 175,459	$ 784,153	$ 60,751	$ 4,798,614	$4,859,365	$ 45,104	$ 6,886,804
Additions	240,240	26,954	882,587	66,262	948,849	41,175	1,990,656	2,031,831	46,279	3,294,153
Acquired from business combinations	-	-	857,300	-	857,300	-	-	-	-	857,300
Disposal	-	-	(1,222)	-	(1,222)	(7,181)	(7,227)	(14,408)	(276)	(15,906)
Reclassifications	-	-	75	(9,036)	(8,961)	-	(771,892)	(771,892)	-	(780,853)
Transfers from prepayments for business facilities	-	-	140,359	-	140,359	-	62,028	62,028	-	202,387
Depreciation	-	(6,599)	(101,714)	(105,008)	(206,722)	(24,141)	(1,075,445)	(1,099,586)	(22,571)	(1,335,478)
Gain on reversal of impairment loss	-	-	-	2,437	2,437	-	-	-	-	2,437
Net exchange differences	-	-	(156)	-	(156)	(1,419)	(18,791)	(20,210)	(409)	(20,775)
Closing net book amount as at December 31	$ 1,187,698	$ 271,079	$2,385,923	$ 130,114	$2,516,037	$ 69,185	$ 4,977,943	$5,047,128	$ 68,127	$ 9,090,069
At December 31										
Cost	$ 1,187,698	$ 294,952	$2,755,859	$ 305,519	$3,061,378	$159,525	$ 7,472,469	$7,631,994	$ 155,555	$12,331,577
Accumulated depreciation and impairment	-	(23,873)	(369,936)	(175,405)	(545,341)	(90,340)	(2,494,526)	(2,584,866)	(87,428)	(3,241,508)
	$ 1,187,698	$ 271,079	$2,385,923	$ 130,114	$2,516,037	$ 69,185	$ 4,977,943	$5,047,128	$ 68,127	$ 9,090,069

Note 1: The assets are assets for lease purposes offered by the Company and the subsidiary. When the leased assets are available to be sold instead of leasing to others, the carrying amounts are recorded as inventories. When they are sold, the payments arising from the sales and related costs are reclassified as sales revenue and cost of sales.

Note 2: Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

Note 3: The borrowing costs capitalised as part of property, plant and equipment amounted to $1,165 and the range of the interest rates for such capitalisation is 2.24%~2.39%.

	2022									
			Furniture and fixtures (including office equipment)			Transportation equipment				
	Land	Buildings and structures	Owner-occupied	Lease (Note 1)	Subtotal	Owner-occupied	Lease (Note 1)	Subtotal	Leasehold improvements	Total
At January 1										
Cost	$ 701,309	$ 255,265	$ 126,582	$ 629,360	$ 755,942	$122,724	$ 6,295,801	$6,418,525	$ 93,903	$ 8,224,944
Accumulated depreciation and impairment	-	(22,920)	(62,817)	(354,292)	(417,109)	(64,986)	(1,694,518)	(1,759,504)	(48,736)	(2,248,269)
	$ 701,309	$ 232,345	$ 63,765	$ 275,068	$ 338,833	$ 57,738	$ 4,601,283	$4,659,021	$ 45,167	$ 5,976,675
Opening net book amount as at January 1	$ 701,309	$ 232,345	$ 63,765	$ 275,068	$ 338,833	$ 57,738	$ 4,601,283	$4,659,021	$ 45,167	$ 5,976,675
Additions	477,772	60,289	407,281	65,593	472,874	30,051	1,594,617	1,624,668	16,353	2,651,956
Acquired from business combinations	-	19,122	159,861	-	159,861	-	-	-	-	178,983
Disposal	-	-	(589)	-	(589)	(2,804)	(1,762)	(4,566)	-	(5,155)
Reclassifications	(231,623)	(55,302)	-	(9,980)	(9,980)	-	(356,212)	(356,212)	-	(653,117)
Depreciation	-	(5,730)	(21,712)	(159,458)	(181,170)	(25,163)	(1,054,814)	(1,079,977)	(16,531)	(1,283,408)
Gain on reversal of impairment loss	-	-	-	4,236	4,236	-	-	-	-	4,236
Net exchange differences	-	-	88	-	88	929	15,502	16,431	115	16,634
Closing net book amount as at December 31	$ 947,458	$ 250,724	$ 608,694	$ 175,459	$ 784,153	$ 60,751	$ 4,798,614	$4,859,365	$ 45,104	$ 6,886,804
At December 31										
Cost	$ 947,458	$ 267,998	$ 691,942	$ 438,116	$1,130,058	$142,887	$ 7,129,629	$7,272,516	$ 110,624	$ 9,728,654
Accumulated depreciation and impairment	-	(17,274)	(83,248)	(262,657)	(345,905)	(82,136)	(2,331,015)	(2,413,151)	(65,520)	(2,841,850)
	$ 947,458	$ 250,724	$ 608,694	$ 175,459	$ 784,153	$ 60,751	$ 4,798,614	$4,859,365	$ 45,104	$ 6,886,804

Note 1: The assets are assets for lease purposes offered by the Company and the subsidiary. When the leased assets are available to be sold instead of leasing to others, the carrying amounts are recorded as inventories. When they are sold, the payments arising from the sales and related costs are reclassified as sales revenue and cost of sales.

Note 2: Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

Note 3: The Group has no circumstances that require interest capitalised.

(8) Lease transactions - lessee

A. The Group leases various assets including buildings, equipment and parking spaces. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 59,344	$ 25,299
Buildings and structures	437,256	340,974
Machinery and equipment	1,096	2,191
	$ 497,696	$ 368,464

	Year ended Decemeber 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	$ 3,153	$ 858
Buildings and structures	143,428	147,838
Machinery and equipment	1,096	1,096
	$ 147,677	$ 149,792

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $300,528 and $184,416, respectively.

D. The information on profit or loss in relation to lease contracts is as follows:

	Year ended Decemeber 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 6,375	$ 4,142
Expense on short-term lease contracts and leases of low-value assets	25,751	47,137
Profit from lease modification	887	770
Expense on variable lease payments	19,795	1,494

E. For the years ended Decemeber 31, 2023 and 2022, the Group's total cash outflow for leases were $201,544 and $204,183 respectively.

(9) Leasing arrangements - lessor

A. The Group leases various assets including machinery and equipment, vehicles and multifunction printers. Rental contracts are typically made for periods of 1 and 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The Group leases machinery and equipment and vehicles under a finance lease. Based on the terms of the lease contract, the ownership of the assets will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
Finance income from the net investment in the finance lease	$ 3,291,243	$ 2,722,938

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2023	December 31, 2022
Next 1 year	$ 22,279,374	$ 18,589,016
Next 2 years	8,299,129	7,044,578
Next 3 years	1,996,473	1,476,779
Next 4 years	536,971	175,853
Next 5 years	197,630	119,922
Next 6 years	37,922	7,537
	$ 33,347,499	$ 27,413,685

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2023	December 31, 2022
Undiscounted lease payments	$ 33,347,499	$ 27,413,685
Unearned finance income	(3,319,045)	(2,685,321)
Net investment in the lease	$ 30,028,454	$ 24,728,364

E. For the years ended December 31, 2023 and 2022, the Group recognized rent income in the amounts of $4,845,493 and $4,307,603, respectively, based on the operating lease agreement, which does not include variable lease payments.

F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023	December 31, 2022
Next 1 year	$ 453,250	$ 566,590
Next 2 years	137,923	188,105
Next 3 years	54,082	64,911
Next 4 years	11,458	16,625
Next 5 years	3,870	3,845
	$ 660,583	$ 840,076

(10) Investment property

	2023		
	Land	Buildings and structures	Total
At January 1			
Cost	$ 231,623	$ 66,678	$ 298,301
Accumulated depreciation	-	(13,535)	(13,535)
	$ 231,623	$ 53,143	$ 284,766
At January 1	$ 231,623	$ 53,143	$ 284,766
Depreication charge	-	(2,159)	(2,159)
At December 31	$ 231,623	$ 50,984	$ 282,607
At December 31			
Cost	$ 231,623	$ 66,678	$ 298,301
Accumulated depreciation	-	(15,694)	(15,694)
	$ 231,623	$ 50,984	$ 282,607

	2022		
	Land	Buildings and structures	Total
At January 1	$ -	$ -	$ -
Reclassification	231,623	55,302	286,925
Depreciation charge	-	(2,159)	(2,159)
At December 31	$ 231,623	$ 53,143	$ 284,766
At December 31			
Cost	$ 231,623	$ 66,678	$ 298,301
Accumulated depreciation	-	(13,535)	(13,535)
	$ 231,623	$ 53,143	$ 284,766

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended Decemeber 31,	
	2023	2022
Rental income from investment property	$ 7,249	$ 5,039
Direct operating expenses arising from the investment property that generated rental income during the period (including depreciation expense)	$ 3,135	$ 3,139

B. The fair value of the investment property held by the Group was $322,329 and $323,664 as at December 31, 2023 and 2022, respectively. The values are based on the recent transaction prices of similar properties in the respective regions of investment properties, taking into account factors such as location, scale, and usage. The appraisal belonged to the third level of fair value.

(11) Intangible assets

	2023		
	Goodwill	Purchase agreements	Total
Opening net book amount as at January 1	$ -	$ -	$ -
Additions－acquired through business combinations	56,807	398,949	455,756
Amortisation charge	-	(12,468)	(12,468)
Closing net book amount as at December 31	$ 56,807	$ 386,481	$443,288
At December 31			
Cost	$ 56,807	$ 398,949	$455,756
Accumulated amortisation and impairment	-	(12,468)	(12,468)
	$ 56,807	$ 386,481	$443,288

Details of amortisation on intangible assets are as follows:

	Year ended Decemeber 31,	
	2023	2022
Operating costs	$ 12,468	$ -

(12) Short-term loans

	December 31, 2023	December 31, 2022
Type of loans		
Bank loans		
Credit loans	$ 46,763,886	$ 51,385,627
Pledged loans	6,078,047	7,500,000
Mid-term syndicated loans for working capital	39,777,832	25,047,716
	$ 92,619,765	$ 83,933,343
Interest rates	0.49%~6.33%	0.55%~5.59%

As of December 31, 2023 and 2022, the descriptions of borrowings are as follows:

A. The Group uses cross currency swap agreement to control the exchange rate risk and interest rate risk. After the cross currency swap, the rate range of short-term loans were 0.83%~4.40% and 0.83%~4.60%, respectively.

B. The subsidiary, He Jing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of $10,000,000 with 12 financial institutions including Mega International Commercial Bank, Ltd. in order to fulfill its working capital. The duration is 36 months (from July 12, 2023 to July 12, 2026), the loan can be drawn several times and is revolving. The payment term is to repay the full drawn amount at the maturity date.

C. The Company has entered into a mid-term syndicated contract for a credit line of $14,000,000 with 13 financial institutions including Bank of Taiwan, in order to fulfil its working capital. The duration is 36 months (from February 24, 2023 to February 24, 2026). The loan can be drawn several times. Of the total loan, $6,025,000 is non-revolving and the payment term is to repay the drawn amounts in installments at the maturity date. The remaining amount of $7,975,000 is revolving and the payment term is to repay the full drawn amount at the maturity date.

D. The Company has entered into a mid-term syndicated contract for a credit line of JPY 25 billion with 9 financial institutions including Mizuho Bank, Ltd., in order to fulfil its working capital. The duration is 12 months (from December 6, 2023 to December 6, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the full drawn amount at the maturity date.

E. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 980 million with 12 financial institutions including Mizuho Bank, Ltd. in order to fulfil its working capital. Within six months from the contract signing date (from July 26, 2022 to January 26, 2023), the loan can be drawn several times but is non-revolving. Each borrowing period is 36 months. The payment term is to repay the drawn amounts in installments within the contract period.

F. The Company has entered into a mid-term syndicated contract for a credit line of $15,000,000 with 18 financial institutions including CTBC Bank Ltd., in order to fulfil its working capital. The duration is 36 months (from June 29, 2022 to June 27, 2025). The loan can be drawn several times. Of the total loan, $7,056,600 is non-revolving and the payment term is to repay the drawn amounts in installments within the contract period. The remaining amount of $7,943,400 is revolving and the payment term is to repay the full drawn amount at the maturity date.

G. The Company has entered into a mid-term syndicated contract for a credit line of JPY 30 billion with 19 financial institutions including Mizuho Bank, in order to fulfil its working capital. The duration is 36 months (from September 9, 2021 to September 9, 2024). The loan can be drawn several times but is non-revolving. The loan can be drawn several times but is non-revolving. The payment term is to repay the full drawn amount at the maturity date.

H. The subsidiary, Hoyun International Leasing Co., Ltd., has entered into a mid-term syndicated contract for a credit line of RMB 500 million with 6 financial institutions including CTBC Bank Ltd., in order to fulfil its working capital. The duration is 36 months (from March 31, 2021 to March 29, 2024). The loan can be drawn several times but is non-revolving. The payment term is to repay the drawn amounts in installments within the contract period.

I. For the abovementioned syndicated loans and partial loans from other financial institutions during the contract periods, the Group is required to maintain specific current ratio, owner’s capital ratio, interest coverage ratio, net value, net tangible assets, debt to equity ratio, equity to assets ratio, net tangible assets to assets ratio and non-performing loan ratio.

   As of December 31, 2023, the Group met all the financial commitments stated in the contract.

(13) Short-term notes and bill payable

	December 31, 2023	December 31, 2022
Commercial paper payable	$ 133,651,400	$ 105,113,400
Less: Unamortized discount	(127,083)	(126,804)
	$ 133,524,317	$ 104,986,596
Interest rates	0.70%~2.63%	0.66%~1.99%

(14) Bond payable

	December 31, 2023	December 31, 2022
Bonds payable	$ 31,200,000	$ 22,200,000

Information on the Company's issuance of bonds as approved by the regulatory authority is summarized below:

A. The Company issued $5,000,000 1.49% second secured ordinary bonds in 2023. The bonds mature 2 years from the issue date (October 27, 2023 ~ October 27, 2025) and will be redeemed in cash at face value at the maturity date.

B. The Company issued $4,000,000, 1.50% first unsecured ordinary bonds in 2023. The bonds mature 5 years from the issue date (March 28, 2023 ~ March 28, 2028) and will be redeemed in cash at face value at the maturity date.

C. The Company issued $7,000,000, 1.50% second secured ordinary bonds in 2022. The bonds mature 3 years from the issue date (June 6, 2022 ~ June 6, 2025) and will be redeemed in cash at face value at the maturity date.

D. The Company issued $3,000,000, 0.57% first secured ordinary bonds in 2022. The bonds mature 3 years from the issue date (January 13, 2022 ~ January 13, 2025) and will be redeemed in cash at face value at the maturity date.

E. The Company issued $3,000,000, 0.56% second unsecured ordinary bonds in 2021. The bonds mature 5 years from the issue date (July 22, 2021 ~ July 22, 2026) and will be redeemed in cash at face value at the maturity date.

F. The Company issued $2,200,000, 0.55% first unsecured ordinary bonds in 2021. The bonds mature 5 years from the issue date (April 15, 2021 ~ April 15, 2026) and will be redeemed in cash at face value at the maturity date.

G. The Company issued $7,000,000, 0.70% first unsecured ordinary bonds in 2020. The bonds mature 5 years from the issue date (April 22, 2020 ~ April 22, 2025) and will be redeemed in cash at face value at the maturity date.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	December 31, 2023	December 31, 2022
Long-term bank borrowings				
Secured borrowings (Note)	Borrowing period is from July 2019 to December 2030; interest is repayable monthly, repayment of principal	2.27% ~2.81%	$ 576,339	$ -
	Borrowing period is from June 2022 to August 2029; interest is repayable monthly, repayment of principal	1.96% ~2.67%	-	115,165
Unsecured borrowings	Borrowing period is from January 2023 to December 2028; interest is repayable monthly, repayment of principal	2.24% ~2.61%	808,128	-
	USD 4,800 thousand; borrowing period is from October 2021 to October 2024; interest is repayable quarterly	1.20% ~6.47%	146,948	147,558
			1,531,415	262,723
Less : Long-term liabilities, current portion			(595,200)	(7,891)
			$ 936,215	$ 254,832

Note: For details of collateral information, please refer Note 8.

A. The Group uses cross currency swap agreements to control the exchange rate risk and interest rate risk. After the cross currency swap, the rate range of long-term loans as of December 31, 2023 and 2022, were 2.24%~5.30% and 1.96%~5.30%, respectively.

B. As of Decemeber 31, 2023, the maturities of long-term borrowings are as follows:

Duration of maturity	December 31, 2023	December 31, 2022
Up to 1 year	$ 595,200	$ 7,891
1 to 2 years	84,743	155,449
Over 2 years	851,472	99,383
	$ 1,531,415	$ 262,723

(16) Guarantee deposits received

	December 31, 2023	December 31, 2022
Current	$ 4,404,620	$ 4,275,142
Non-current	255,984	224,064
	$ 4,660,604	$ 4,499,206

It mainly refers to the guarantee deposits from vehicles and equipment leasing.

(17) Pensions

Defined contribution pension plan

A. Effective July 1, 2005, the Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The Company's mainland China subsidiary, Hoyun International Leasing Co., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The average contribution percentage for the years ended December 31, 2023 and 2022 was both 15%. Other than the monthly contributions, the Group has no further obligations.

C. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $155,616, and $124,748, respectively.

(18) Share-based payments

A. For the years ended December 31, 2023 and 2022, the Group's share-based payment arrangement was as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2023.8.7	195 thousand shares	NA	Vested immediately
Cash capital increase reserved for employee preemption	2022.8.4	5,000 thousand shares	NA	Vested immediately

B. The fair value of stock options on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price (in dollars)	Expected price volatility(%)	Expected option life (years)	Risk-free interest rate (%)	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption	2023.8.7	$104.63	$ 100	5.68	0.041	0.8098	$ 4.66
Cash capital increase reserved for employee preemption	2022.8.4	$101.72	$ 100	6.35	0.112	0.6113	$ 2.03

C. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2023	Year ended December 31, 2022
Equity-settled	$ 908	$ 10,150

(19) Share capital

A. As of December 31, 2023 and 2022, the Company's authorized capital were both $10,000,000, consisting of 1,000,000 thousand shares of ordinary stock. The Company's issued and outstanding capital stock amounted to 666,500 and 565,000 thousand shares, with par value of NT$10 per share, respectively. All proceeds from shares issued have been collected.

B. On May 31, 2023, the Company, through a resolution of the shareholders' meeting, decided to execute a capital increase for the issuance of new shares based on undistributed earnings of $515,000. This involved issuing 51,500 thousand new shares with a par value of $10 per share. The capital increase was approved by the Financial Supervisory Commission and became effective on July 21, 2023.

C. On June 23, 2022, the Board of Directors resolved to increase the Company's capital in the amount of $5,000,000 by issuing 50 million shares of Class A preference shares with a par value of $10 (in dollars) per share issued at $100 (in dollars) per share. The capital injection was approved by the FSC on August 10, 2022, and the effective date was set on September 21, 2022. The rights and obligations of these outstanding preference shares are as follows:

(a) Expiration date: The Company's Class A preference shares are perpetual but all or certain parts are callable at any time from the next day of five years after issuance at the actual issue price. The outstanding Class A preference shares sustained all the rights and obligations specified in the issuance terms. Dividends payable as of the redemption date shall be calculated based on the actual outstanding days if the Board of Directors resolved to distribute the current year's dividends.

(b) Dividends: Dividends are calculated at 4.2% per annum, consisting of five-year IRS rate of 1.1175% on pricing effective date (August 19, 2022) and specific markup of 3.0825%, based on the issue price per share. The five-year IRS rate will be reset on the next business day of five years since issuance and every subsequent five years and the pricing effective date for rate reset is two Taipei financial industry business days prior to the IRS rate reset date. The rate index, five-year IRS rate, is the arithmetic mean of five-year IRS rates appearing on Reuters pages "PYTWD01" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing effective date of rate reset. If such rate cannot be obtained, the Company will determine the rate based on the reasonable market price with good faith.

(c) Dividend distribution: Dividends are distributed once per year in the form of cash. The effective date for distributing previous year's distributable dividends will be set by the Board of Directors. Dividend distributions in the issuance and redemption years are calculated based on the actual outstanding days. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, then the remaining amount shall be set aside as legal reserve, and shall be set aside as special reserve as required by the regulations when necessary. The remainder, if any in the current year, can be distributed as dividends of Class A preference shares in first priority.

The Company has discretion in dividend distribution of Class A preference shares. The Company could choose not to distribute dividends of preferred shares, which would not lead to default if the Company has no or has insufficient current year's earnings for distribution. In addition, the amounts of undistributed dividends or insufficient distributed dividends will not become deferred payments in future years when the Company has earnings.

(d) Excess dividend distribution: Besides the aforementioned dividends, the shareholders of Class A preference shares could not participate in the distribution of cash and capitalised assets for common shares derived from earnings and capital surplus.

(e) Residual property distribution: The shareholders of Class A preference shares have priority over shareholders of common stocks in distributing the Company's residual properties and have the same priority with other preferred shareholders of the Company, but behind the general creditor. In addition, the limit is the amount calculated by shares of outstanding preference shares issued and the issue price when distributing.

(f) Right to vote and be elected: The shareholders of Class A preference shares have no right to vote and be elected in the shareholders' meeting of the Company but have the right to vote in the shareholders' meeting for shareholders of preference shares and shareholders' meeting regarding to rights and obligations of shareholders of preference shares.

(g) Conversion to common shares: Class A preference shares could not be converted to common shares. The stockholders of Class A preference shares cannot request the Company to retire the stocks they hold.

(h) The preemptive rights for shareholders of Class A preference shares are the same as of common shareholders when the Company increases its capital by issuing new shares.

D. On May 4, 2023, the Board of Directors resolved to increase the Company's capital in the amount of $5,000,000 by issuing 50 million shares of Class B preference shares with a par value of $10 (in dollars) per share issued at $100 (in dollars) per share. The capital injection was approved by the FSC on July 19, 2023, and the effective date was set on August 29, 2023. The rights and obligations of these outstanding preference shares are as follows:

(a) Expiration date: The Company's Class B preference shares are perpetual but all or certain parts are callable at any time from the next day of five years after issuance at the actual issue price. The outstanding Class B preference shares sustained all the rights and obligations specified in the issuance terms. Dividends payable as of the redemption date shall be calculated based on the actual outstanding days if the Board of Directors resolved to distribute the current year's dividends.

(b) Dividends: Dividends are calculated at 4.5% per annum, consisting of five-year IRS rate of 1.4325% on pricing effective date (July 28, 2023) and specific markup of 3.0675%, based on the issue price per share. The five-year IRS rate will be reset on the next business day of five years since issuance and every subsequent five years and the pricing effective date for rate reset is two Taipei financial industry business days prior to the IRS rate reset date. The rate index, five-year IRS rate, is the arithmetic mean of five-year IRS rates appearing on Reuters pages "PYTWD01" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing effective date of rate reset. If such rate cannot be obtained, the Company will determine the rate based on the reasonable market price with good faith.

(c) Dividend distribution: Dividends are distributed once per year in the form of cash. The effective date for distributing previous year's distributable dividends will be set by the Board of Directors. Dividend distributions in the issuance and redemption years are calculated based on the actual outstanding days. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, then the remaining amount shall be set aside as legal reserve, and shall be set aside as special reserve as required by the regulations when necessary. The remainder, if any in the current year, can be distributed as dividends of Class B preference shares in first priority.

The Company has discretion in dividend distribution of Class B preference shares. The Company could choose not to distribute dividends of preferred shares, which would not lead to default if the Company has no or has insufficient current year's earnings for distribution. In addition, the amounts of undistributed dividends or insufficient distributed dividends will not become deferred payments in future years when the Company has earnings.

(d) Excess dividend distribution: Besides the aforementioned dividends, the shareholders of Class B preference shares could not participate in the distribution of cash and capitalised assets for common shares derived from earnings and capital surplus.

(e) Residual property distribution: The shareholders of Class B preference shares have priority over shareholders of common stocks in distributing the Company's residual properties and have the same priority with other preferred shareholders of the Company, but behind the general creditor. In addition, the limit is the amount calculated by shares of outstanding preference shares issued and the issue price when distributing.

(f) Right to vote and be elected: The shareholders of Class B preference shares have no right to vote and be elected in the shareholders' meeting of the Company but have the right to vote in the shareholders' meeting for shareholders of preference shares and shareholders' meeting regarding to rights and obligations of shareholders of preference shares.

(g) Conversion to common shares: Class B preference shares could not be converted to common shares. The stockholders of Class B preference shares cannot request the Company to retire the stocks they hold.

(h) The preemptive rights for shareholders of Class B preference shares are the same as of common shareholders when the Company increases its capital by issuing new shares.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount shall be set aside as legal reserve, and shall be set aside as special reserve as required by the regulations when necessary and preferential distribution of special shares. The appropriation of the remaining earnings, if any, shall be proposed by the Board of Directors and voted on by the shareholders at the shareholders' meeting. The dividends to be distributed to the shareholders shall account for at least 50% of the remaining earnings, and cash dividends shall account for at least 10% of the total dividends distributed.

B. The Board of Directors can distribute all or part of the distributable legal reserve, capital surplus, dividends or bonus in the form of cash as resolved by a majority vote at their meeting attended by two-thirds of the total number of directors and reported to the shareholders. The aforesaid requirement on obtaining resolution from the shareholders is not applicable.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. On May 31, 2023 and June 23, 2022, the shareholders resolved the distribution of earnings for the years of 2022 and 2021 as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 362,339		$ 314,144	
Special reserve	(133,439)		81,689	
Dividend on preferred stock, Class A	58,685	$ 1.17	-	
Cash dividend on common stock	1,802,501	3.50	2,163,002	$ 4.20
Stock dividend on common stock	515,000	1.00	-	
	$ 2,605,086		$ 2,558,835	

F. On March 12, 2024, the Board of Directors resolved the distribution of earnings of 2023 was as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 368,981	
Special reserve	91,163	
Dividend on preferred stock, Class A	210,000	$ 4.20
Dividend on preferred stock, Class B	77,055	1.54
Cash dividend on common stock	1,699,501	3.00
Stock dividend on common stock	566,501	1.00
	$ 3,013,201	

G. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(28).

(22) Operating revenue

	Year ended Decemeber 31,	
	2023	2022
Revenue from contracts with customers	$ 3,022,290	$ 2,205,957
Other operating revenue		
Interest income	17,513,683	13,561,273
Revenue from operating leases	4,833,219	4,297,082
Revenue from finance leases	3,291,243	2,722,938
	$ 28,660,435	$ 22,787,250

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following geographical regions:

Year ended December 31, 2023	Taiwan	China	Total
Total segment revenue	$ 2,774,904	$ 247,386	$ 3,022,290
Inter-segment revenue	-	-	-
Revenue from external customer contracts	$ 2,774,904	$ 247,386	$ 3,022,290
Timing of revenue recognition			
At a point in time	$ 2,368,903	$ 247,386	$ 2,616,289
Over time	406,001	-	406,001
	$ 2,774,904	$ 247,386	$ 3,022,290

Year ended December 31, 2022	Taiwan	China	Total
Total segment revenue	$ 1,994,379	$ 211,578	$ 2,205,957
Inter-segment revenue	-	-	-
Revenue from external customer contracts	$ 1,994,379	$ 211,578	$ 2,205,957
Timing of revenue recognition			
At a point in time	$ 1,695,735	$ 211,578	$ 1,907,313
Over time	298,644	-	298,644
	$ 1,994,379	$ 211,578	$ 2,205,957

(23) Operating costs

	Year ended Decemeber 31,	
	2023	2022
Interest costs	$ 4,516,555	$ 2,568,368
Rental costs	3,494,867	3,167,397
Cost of sales	3,366,631	1,949,088
Service costs	434,322	475,794
Other costs	154,962	13,668
	$ 11,967,337	$ 8,174,315

(24) Interest income

	Year ended Decemeber 31,	
	2023	2022
Interest income from bank deposits	$ 23,107	$ 12,938
Interest income from short-term notes payable	2,774	9,238
Other interest income	1,870	502
	$ 27,751	$ 22,678

(25) Other income

	Year ended Decemeber 31,	
	2023	2022
Rental income	$ 12,274	$ 10,521
Other income - others	322,051	605,115
	$ 334,325	$ 615,636

(26) Other gains and losses

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
Gains on financial assets at fair value through profit or loss	$ 6,313	$ 3,264
Foreign exchange losses	(18,236)	(3,606)
(Losses) gains on disposals of property, plant and equipment	(112)	3,236
Others	(10,719)	(11,539)
	($ 22,754)	($ 8,645)

(27) Finance costs

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
Finance expense, others	$ 6,375	$ 4,059

(28) Expenses by nature

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
Employee benefit expense	$ 3,460,876	$ 2,818,624
Depreciation charges on right-of-use assets	$ 147,677	$ 149,792
Depreciation charges on property, plant and equipment	$ 1,335,478	$ 1,283,408
Depreciation charges on investment property	$ 2,159	$ 2,159

(29) Employee benefit expense

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
Wages and salaries	$ 2,859,319	$ 2,341,843
Labor and health insurance fees	254,767	199,359
Pension costs	155,616	124,748
Directors' and supervisors' remuneration	8,172	6,701
Other personnel expenses	183,002	145,973
	$ 3,460,876	$ 2,818,624

A. According to the Articles of Incorporation of the Company, a percentage of distributable profit of the current year, shall be distributed as employees' remuneration. The percentage shall be 1% for employees' remuneration. If a company has accumulated deficit, earnings should be channeled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' remuneration distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

B. For the years ended December 31, 2023 and 2022, employees' remuneration were accrued at $48,460 and $46,480, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' remuneration was estimated and accrued based on 1% of distributable profit of current year for the years ended December 31, 2023.

Employees' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognized in salary expenses of 2022.

Information about employees' remuneration of the Company as resolved by the Board of Directors and shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
Current tax:		
Current tax on profits for the period	$ 1,417,939	$ 1,311,625
Tax on undistributed surplus earnings	50,915	29,212
Prior year income tax overestimation	(1,329)	(1,675)
Total current tax	1,467,525	1,339,162
Deferred tax:		
Origination and reversal of temporary differences	(28,470)	(52,228)
Total deferred tax	(28,470)	(52,228)
Income tax expense	$ 1,439,055	$ 1,286,934

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
Cash flow hedges	($ 36,279)	$ 57,232

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2023	Years ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 1,246,586	$ 1,210,979
Effect from items adjusted based on other regulations	142,883	48,418
Tax on undistributed surplus earnings	50,915	29,212
Prior year income tax over estimation	(1,329)	(1,675)
Income tax expense	$ 1,439,055	$ 1,286,934

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Allowance for doubtful accounts	$ 802,862	$ 162,022	$ -	$ 964,884
Unrealized provision of rental property losses	1,534	(488)	-	1,046
Difference in depreciation between financial and tax reporting purposes	17,499	(6,924)	-	10,575
Others	4,962	23,032	-	27,994
Subtotal	$ 826,857	$ 177,642	$ -	$ 1,004,499
-Deferred tax liabilities:				
Gains from overseas' investment	(316,573)	(28,987)	-	(345,560)
Others	(44,113)	(120,185)	36,279	(128,019)
Subtotal	($ 360,686)	($ 149,172)	$ 36,279	($ 473,579)
Total	$ 466,171	$ 28,470	$ 36,279	$ 530,920

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Allowance for doubtful accounts	$ 661,980	$ 140,882	$ -	$ 802,862
Unrealized provision of rental property losses	2,381	(847)	-	1,534
Difference in depreciation between financial and tax reporting purposes	17,185	314	-	17,499
Others	16,881	1,200	(13,119)	4,962
Subtotal	$ 698,427	$ 141,549	($ 13,119)	$ 826,857
-Deferred tax liabilities:				
Gains from overseas' investment	(227,252)	(89,321)	-	(316,573)
Others	-	-	(44,113)	(44,113)
Subtotal	($ 227,252)	($ 89,321)	($ 44,113)	($ 360,686)
Total	$ 471,175	$ 52,228	($ 57,232)	$ 466,171

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(31) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 3,689,812		
Less:Dividend on preferred stock	(58,685)		
Profit attributable to ordinary shareholders of the parent	$ 3,631,127	566,500	$ 6.41
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,631,127	566,500	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	453	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,631,127	566,953	$ 6.40

	Year ended December 31, 2022		
	Amount after tax	Retrospective adjusted weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,623,387	566,500	$ 6.40
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,623,387	566,500	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	572	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,623,387	567,072	$ 6.39

(32) Business combinations

Billion Sunpower Co., Ltd.

A. On August 8, 2023, the Group acquired 100% of the share capital of Billion Sunpower Co., Ltd. for $163,017 and obtained control over the company. The company is engaged in solar energy business in Taiwan. As a result of the acquisition, the Group is expected to increase its presence in these markets.

B. The following table summarises the consideration paid for Billion Sunpower Co., Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

		August 8, 2023
Purchase consideration		
Cash paid	$	163,017
Non-controlling interest		-
	$	163,017
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		3,250
Other receivables		408
Inventories		117
Prepayments		148
Other current assets		1,105
Non-current financial assets at amortised cost		2,850
Property, plant and equipment		173,366
Right-of-use assets		7,236
Other non-current assets		770
Intangible assets		54,221
Short-term loans	(	7,340)
Short-term notes payable	(	7,988)
Accounts payable	(	77)
Other payables	(	7,007)
Current income tax liabilities	(	684)
Long-term liabilities, current portion	(	5,587)
Other current liabilities	(	249)
Long-term loans	(	33,037)
Lease liabilities-non-current	(	7,489)
Deferred income tax liabilities	(	13,904)
Total identifiable net assets	$	160,109
Goodwill	$	2,908

C. The operating revenue included in the consolidated statement of comprehensive income since August 8, 2023 contributed by Billion Sunpower Co., Ltd. was $17,207. Billion Sunpower Co., Ltd. also contributed profit before income tax of $8,240 over the same period. Had the company been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of $28,672,597 and profit before income tax of $5,534,626.

Cheng Yo Technology Co., Ltd.

D. On September 7, 2023, the Group acquired 100% of the share capital of Cheng Yo Technology Co., Ltd. for $474,783 and obtained the control over the company. The company is engaged in solar energy business in Taiwan. As a result of the acquisition, the Group is expected to increase its presence in these markets.

E. The following table summarises the consideration paid for Cheng Yo Technology Co., Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

		September 7, 2023
Purchase consideration		
Cash paid	$	474,783
Non-controlling interest		-
	$	474,783
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		55,323
Accounts receivables		12,097
Other receivables		10,000
Prepayments		2,108
Other current assets		11
Property, plant and equipment		538,562
Other non-current assets		9,359
Intangible assets		344,728
Accounts payable	(	33)
Other payables	(	8,672)
Current income tax liabilities	(	2,122)
Other current liabilities	(	507)
Long-term loans	(	450,088)
Other non-current liabilities	(	1,976)
Deferred income tax liabilities	(	87,906)
Total identifiable net assets	$	420,884
Goodwill	$	53,899

F. The operating revenue included in the consolidated statement of comprehensive income since September 7, 2023 contributed by Cheng Yo Technology Co., Ltd. was $40,122. Cheng Yo Technology Co., Ltd. also contributed profit before income tax of $14,395 over the same period. Had the company been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of $28,705,314 and profit before income tax of $5,545,512.

(33) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
Purchase of property, plant and equipment	$ 3,294,153	$ 2,651,956
Add: Opening balance of payable on equipment (Shown as 'Accounts payable')	154,579	-
Less: Ending balance of payable on equipment (Shown as 'Accounts payable')	(174,800)	(154,579)
Cash paid during the period	$ 3,273,932	$ 2,497,377

(34) Changes in liabilities from financing activities

2023

	Short-term loans	Short-term notes and bills payable	Bonds payable	Long-term loans	Guarantee deposits received	Other payables	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1	$ 83,933,343	$ 104,986,596	$ 22,200,000	$ 262,723	$ 4,499,206	$ 441,394	$ 370,679	$ -	$ 216,693,941
Changes in cash flow from financing activities	8,839,685	28,530,012	9,000,000	643,604	160,596	423,085	(149,623)	(1,861,186)	45,586,173
Impact of changes in foreign exchange rate	46,664	-	-	(3,060)	-	-	(1,204)	-	42,400
Others	(199,927)	7,709	-	628,148	802	-	278,514	1,861,186	2,576,432
At December 31	$ 92,619,765	$ 133,524,317	$ 31,200,000	$ 1,531,415	$ 4,660,604	$ 864,479	$ 498,366	$ -	$ 264,898,946

2022

	Short-term loans	Short-term notes and bills payable	Bonds payable	Long-term loans	Guarantee deposits received	Other payables	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1	$ 57,098,277	$ 96,914,188	$ 12,200,000	$ 132,902	$ 3,965,201	$ 738,261	$ 362,824	$ -	$ 171,411,653
Changes in cash flow from financing activities	26,581,698	8,113,400	10,000,000	2,920	534,005	(296,867)	(151,410)	(2,163,002)	42,620,744
Impact of changes in foreign exchange rate	32,112	-	-	5,974	-	-	752	-	38,838
Others	221,256	(40,992)	-	120,927	-	-	158,513	2,163,002	2,622,706
At December 31	$ 83,933,343	$ 104,986,596	$ 22,200,000	$ 262,723	$ 4,499,206	$ 441,394	$ 370,679	$ -	$ 216,693,941

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by Hozan Investment Co., Ltd. which holds 45.395% ordinary equity interest in the Company. Ho Tai Motor Co. Ltd. is the Company’s ultimate parent company.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Ho Tai Motor Co., Ltd.	The ultimate parent
Hozan Investment Co., Ltd.	Parent
Taipei Toyota Motor Co., Ltd. (Taipei Motor)	Other related parties
Tau Miau Motor Co., Ltd. (Tau Miau)	Other related parties
Kuotu Motor Co., Ltd. (Kuotu)	Other related parties
Central Motor Co., Ltd. (Central)	Other related parties
Nan Du Motor Co., Ltd.	Other related parties
Kau Du Automobile Co., Ltd.	Other related parties
Ho Yu Investment Co., Ltd. (Ho Yu)	Other related parties
Hotai Leasing Co., Ltd. (Hotai Leasing)	Other related parties
Toyota Material Handling Taiwan Ltd.	Other related parties
Hotong Motor Investment Co., Ltd. (Hotong)	Other related parties
Lang Yang Toyota Motor Co., Ltd.	Other related parties
Eastern Motor Co., Ltd.	Other related parties
Chang Yuan Motor Co., Ltd.	Other related parties
Horung Motors Co., Ltd.	Other related parties
Hohung Motors Co., Ltd.	Other related parties
Zhong Cheng Motor Co., Ltd.	Other related parties
Carmax Co., Ltd.	Other related parties
Hotai Innovation Marketing Co., Ltd.	Other related parties
Ho An Insurance Agency Co., Ltd.	Other related parties
Ho Chuang Insurance Agency Co., Ltd.	Other related parties
Hotai Insurance Co., Ltd.	Other related parties
Ho Tai Development Co., Ltd.	Other related parties
Ho Tai Service & Marketing Co., Ltd.	Other related parties
Hotai Connected Co., Ltd. (Hotai Connected)	Other related parties
Smart Design Technology Co., Ltd.	Other related parties
Yokohama Tire Taiwan Co., Ltd.	Other related parties
Wang Fu Co., Ltd.	Other related parties
Kao Jin Co., Ltd.	Other related parties
Tung Yu Motor Co., Ltd.	Other related parties
Ho Cheng Auto Parts Co., Ltd.	Other related parties
Innovation Auto Parts Co., Ltd.	Other related parties
Zhongyang Motor Co., Ltd.	Other related parties
Triple S Digital Co., Ltd.	Other related parties
Hotai AutoBody Manufacturing Co., Ltd.	Other related parties
Kuozui Motors, Ltd.	Other related parties
Hotai Mobility Service Co., Ltd.	Other related parties
Quan An Transportation Co., Ltd.	Other related parties
Yu Cheng Transportation Co., Ltd.	Other related parties

Names of related parties	Relationship with the Group
Hozao Enterprise Co., Ltd.	Other related parties
Ho Young Travel Agency Co., Ltd.	Other related parties
Zheng-Ren Energy Co., Ltd. (Zheng-Ren)	Other related parties
Gochabar Co., Ltd. (Gochabar)	Other related parties
Formosa Container Transportation Company Limited	Other related parties
Shi-ho Screw Industrial Co., Ltd.	Other related parties
Shanghai Hozhan Motor Service Co., Ltd. (Shanghai Hozhan)	Other related parties
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Other related parties
Shanghai Heling Motor Service Co., Ltd.	Other related parties
Shanghai Ho-mian Motor Technology Co., Ltd. (Shanghai Ho-mian)	Other related parties
Shanghai Hoyu Motor Service Co., Ltd.	Other related parties
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Other related parties
Tianjin Hozhan Motor Service Co., Ltd. (Tianjin Hozhan)	Other related parties
Tianjin Ho-yu Motor Sales & Service Co., Ltd.	Other related parties
Tianjin Binhai Heling LEXUS Motor Service Co., Ltd.	Other related parties
Chongqing Yurun Toyota Automobile Service Co., Ltd.	Other related parties
Nanjing HoZhan Motor Sales and Service Co., Ltd. (Nanjing HoZhan)	Other related parties
Guangzhou Gac Changho Autotech Corporation	Other related parties
San Xing (Shanghai) Business Management Consulting Co., Ltd.	Other related parties

(3) Significant related party transactions and balances

A. Revenue:

(a) Compensation of installment sale price spread

	Year ended Decemeber 31,	
	2023	2022
- The ultimate parent	$ 87,798	$ 196,694
- Other related parties	213,829	262,830
	$ 301,627	$ 459,524

The Company’s compensation from specified vehicle promotion activities received from above related parties are amortized by installment.

(b) Rental assets income

	Year ended Decemeber 31,	
	2023	2022
- The ultimate parent	$ 2,251	$ 1,172
- Other related parties	116,673	119,521
	$ 118,924	$ 120,693

(c) Sales revenue

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
- Other related parties	$ 50,538	$ 38,624

(d) Fee income

	Years ended December 31, 2023	Years ended December 31, 2022
- Other related parties	$ 2,213	$ 20,240

(e) Other revenue

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
- The ultimate parent	$ 11,641	$ 10,176
- Other related parties	11,511	11,936
	$ 23,152	$ 22,112

B. Expenses

(a) Cost of rental sales

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
- The ultimate parent	$ 178	$ 733
- Other related parties	513,574	514,679
	$ 513,752	$ 515,412

(b) Rent expense

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
- The ultimate parent	$ 1,386	$ 891
- Other related parties	36,879	33,579
	$ 38,265	$ 34,470

(c) Administrative service fee

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
- The ultimate parent	$ 19,764	$ 15,956
- Other related parties	21,363	22,342
	$ 41,127	$ 38,298

(d) Commission expense

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
- The ultimate parent	$ 8,787	$ 25,583
- Other related parties	298,047	333,356
	$ 306,834	$ 358,939

(e) Vehicle auction service fee

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
- Other related parties		
Hotai Leasing	14,378	8,292
Others	-	3
	$ 14,378	$ 8,295

(f) Advertisement expense

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
- The ultimate parent	$ 405	$ 1
- Other related parties		
Hotai Connected	36,634	45,692
Others	676	7
	$ 37,715	$ 45,700

(g) Chattel custody service fee

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
- Other related parties	$ 41,585	$ 41,670

(h) Others

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
- The ultimate parent	$ 4,705	$ 1,919
- Other related parties		
Kuotu	6,947,894	6,400,391
Others	13,549,448	13,273,806
	$ 20,502,047	$ 19,676,116

As described in Note 4(30), installment sales of the Company are intended primarily to earn interest revenue. Sales revenue and the cost of goods sold from installment sales are presented in net amount and movable properties arising from transaction are all pledged as collateral. The credit terms to related parties were the same as those to third parties.

C. Receivables from (payables to) related parties:

(a) Receivables from related parties:

	December 31, 2023	December 31, 2022
- The ultimate parent	$ 17,657	$ 32,800
- Other related parties	50,147	52,399
	$ 67,804	$ 85,199

(b) Accounts payable:

	December 31, 2023	December 31, 2022
- Other related parties		
Kuotu	$ 147,794	$ 90,248
Others	75,720	68,210
	$ 223,514	$ 158,458

(c) Other payables:

	December 31, 2023	December 31, 2022
- The ultimate parent	$ 3,098	$ 875
- Other related parties	18,767	91,771
	$ 21,865	$ 92,646

(d) Prepayments:

	December 31, 2023	December 31, 2022
- Other related parties	$ 21,737	$ 13,382

D. Property transactions – acquisition of furniture and fixtures and transportation equipment

(a) Lease:

	Year ended Decemeber 31,	
	2023	2022
- The ultimate parent	$ 285,804	$ 47,702
- Other related parties		
Kuotu	262,893	354,993
Central Motor	239,762	316,621
Taipei Motor	234,681	253,062
Tau Miau	221,639	88,443
Others	343,767	433,296
	$ 1,588,546	$ 1,494,117

(b) Owner-occupied:

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
- Other related parties		
Gochabar	$ 11,801	$ -
Shanghai Hozhan	5,817	3,634
Nanjing Hozhan	5,387	4,882
Tianjin Hozhan	3,952	2,297
Others	2,363	875
	$ 29,320	$ 11,688

E. Property transactions – Acquisition of financial assets

	Item recognised	Shares traded	Transaction target	Year ended Decemeber 31, 2023 Consideration
- Other related parties				
Zheng-Ren	Investment accounted using the equity method	5,488,000	Shares	$ 54,880

F. Lease transactions – lessee

(a) The Group entered into lease agreements using market quotes with related parties and pays rent monthly based on the payment terms.

(b) Acquisition of right-of-use asset

	Year ended Decemeber 31, 2023	Year ended Decemeber 31, 2022
- The ultimate parent	$ 11,674	$ -
- Other related parties		
Shanghai Ho-mian	54,428	-
Others	-	623
	$ 66,102	$ 623

(c) Lease liabilities:

	December 31, 2023	December 31, 2022
- The ultimate parent	$ 11,674	$ 3,798
- Other related parties		
Shanghai Ho-mian	42,615	-
Ho Yu	14,838	17,956
Others	227	434
	$ 69,354	$ 22,188

G. Loans from related parties:

Loans from related parties

Outstanding balance:

	December 31, 2023	December 31, 2022
- Other related parties		
Hotong	$ 864,479	$ 441,394

The loans from related parties are repaid in full amount at the maturity date and carried interest at 3.15%~3.2% per annum, which is shown as 'Other payables.'

(4) Key management compensation

	Year ended Decemeber 31,	
	2023	2022
Wages, salaries and others short-term employee benefits	$ 86,375	$ 70,177
Post-employment benefits	791	718
	$ 87,166	$ 70,895

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Items	December 31, 2023	December 31, 2022	Purpose
Pledged assets (Note)			
- Pledged time deposits	$ 216,332	$ 108,487	Guarantee deposit for credit line on gasoline purchases, pledged to banks as collateral for acceptance bill and lease deposit
- Pledged savings account	360,419	346,859	Pledged to banks as collateral for short-term borrowings, commercial paper payable, acceptance bill and performance guarantee
	$ 576,751	$ 455,346	
Notes and accounts receivable, net			
- Notes receivable from installment sales	$ 6,190,191	$ 5,185,894	Pledged to banks as collateral for short-term borrowings and commercial paper payable
- Notes receivable from leases	50,288	66,561	"
- Lease payments receivable	6,414,435	4,166,761	"
	$ 12,654,914	$ 9,419,216	
Property, plant and equipment	$ 1,033,383	$ 181,803	Pledged to banks as collateral for long-term borrowings

Note: Shown as 'Other current financial assets' and 'Other non-current assets, others'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITTMENTS

(1) Please refer to Note 6(9) for the operating leases agreement.

(2) As of December 31, 2023, the Group had entered into contracts for the purchase and installation of equipment and the purchase of the real estate but not yet acquired amounting to $2,049,205 and $784,030, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Please refer to Note 6(20) for the appropriation of 2023 earnings.

(2) On March 12, 2024, the Board of Directors has resolved to delegate the Chairman to dispose of land and buildings located in Kaohsiung to a related party, Kau Du Automobile Co., Ltd., for a total amount not less than $700,000.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital and to support operations and maximize returns for shareholders.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Equity instrument mandatorily measured at fair value through profit or loss	$ -	$ 300,000
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 19,656	$ 3,519
Financial assets at amortized cost/ Loans and receivables		
Cash and cash equivalents	$ 2,878,184	$ 2,382,775
Notes receivable	11,912,779	9,340,046
Accounts receivable	261,555,829	216,928,982
Other receivables	78,696	82,568
Guarantee deposits paid	283,421	193,955
Other financial assets	576,751	455,346
Long-term notes and accounts receivable	13,491,252	8,463,807
	$ 290,776,912	$ 237,847,479
Hedging financial assets	$ 570,885	$ 504,827

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortized cost		
Short-term loans	$ 92,619,765	$ 83,933,343
Short-term notes and bills payable	133,524,317	104,986,596
Notes payable	1,522,704	762,215
Accounts payable (including related parties)	707,786	514,386
Other payables	3,390,682	3,165,332
Bonds payable	31,200,000	22,200,000
Long-term loans (including current portion)	1,531,415	262,723
Guarantee deposits received	4,660,604	4,499,206
Financial guarantee liabilities	27,486	39,598
	$ 269,184,759	$ 220,363,399
Lease liabilities	$ 498,366	$ 370,679
Hedging financial liabilities	$ 1,087,983	$ 586,800

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as cross-currency swap are used to hedge certain exchange rate risk, and variable future cash flows are transferred to fix. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by each assigned department of companies within the Group under policies approved by the Board of Directors. The finance departments identify, evaluate and hedge financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the RMB. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Group entered into cross-currency swaps with financial institutions to hedge the exchange rate risk arising from loans, and are shown as financial assets and liabilities for hedging. Please refer to Note 6(3).

iv. The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD). Considering the cross-currency swap transactions the Group is engaged in, the Group does not have any under material foreign exchange risk.

v. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to ($18,236) and ($3,606), respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 would have increased/decreased by $3,000 and, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value Interest rate risk

i. The interest rate risk of the Group is mainly from the floating rate loans with financial institutions, which exposes the Group to cash-flow interest rate risk.

ii. The Group uses the method of PVBP (Present Value of Basis Point) to evaluate the market risk of cross-currency swap (CCS) transactions. As the amounts, periods, contract dates, contract renewing dates, receipts / payments of interest, indices used to measure interest rate of the nominal principal of IRS and hedged liabilities are equivalent, the market risk could be offset. Thus, the Group estimates there would be no material market risk.

iii. The Group borrows loans with fixed interest rate. The Group entered into interest rate swap contracts for hedging fluctuated market interest rate. The cash flow risk is low.

iv. If the borrowing interest rate had increased or decreased by 1% with all other variables held constant and considering the cross-currency swap transactions the Group is engaged in, profit after tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $637,348 and $395,073, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. The Group has lower significant concentrations of agreements with single clients and the Group will evaluate the financial credit status of the clients (including the borrowers who assist the banks in promoting automobile installment loans and credit loans business). Most of the Group's receivables have proper collaterals. Therefore, credit risk of receivables is low. The maximum loss to the Group is the total book value of receivables.

ii. The Group engages in cross-currency swap transactions with the good credit standing financial institutions. Therefore, the Group expects the credit risk of the counterparties to be low.

iii. The Group provides guarantees for bank financing to Hoyun International Leasing Co., Ltd., Hoyun (Shanghai) Commercial Factoring Co., Ltd., He Jing Co., Ltd. and He Jun Energy Co., Ltd. the subsidiaries of the Group, in accordance with the "Procedures Governing Endorsements and Guarantees". Since the Group can control these subsidiaries' credit, collaterals are not asked. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Group is the total amount of loan guarantees.

iv. The Group entered into contracts with banks to introduce customers to avail of car mortgage loan with the banks. According to the contract signed by the Group and the banks, if any customer car loans payment is delayed, the Group is required to reimburse the unpaid balance. Upon such payment, the Group takes over the remaining creditor rights on the delinquent loan. As of December 31, 2023 and 2022, the outstanding amount of the customers' mortgaged loans with the banks were $2,380,898 and $3,779,139, respectively; and the amount of notes receivable received by the Group from the customers were $26,667 and $71,213, respectively. The Group assesses financial guarantee contract liabilities which may arise from rendering the above services based on historical experience and recognizes financial guarantee expense which is shown as 'Financial guarantee liabilities'.

v. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 60 days.

vi. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
The default occurs if the contract payments were past due over 30 days based on the terms.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer or the borrower will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments; and

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. The Group classifies customers' installment accounts and notes receivable and lease payments and notes receivable in accordance with situation of default. The Group uses deferral days and case assessment to estimate expected credit loss under the provision matrix basis.

ix. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

x. For accounts receivables and notes payable, the credit rating levels are as follows:

		Lifetime			
	12 months	Significant increase in credit risk	Impairment of credit	Simplified approach	Total
December 31, 2023					
Neither past due nor impaired	$ 329,951,950	$ -	$ -	$ 209,093	$ 330,161,043
Past due or case assessment	-	1,383,387	2,476,960	-	3,860,347
	$ 329,951,950	$ 1,383,387	$ 2,476,960	$ 209,093	$ 334,021,390
December 31, 2022					
Neither past due nor impaired	$ 268,516,629	$ -	$ -	$ 88,086	$ 268,604,715
Past due or case assessment	-	794,048	1,558,298	-	2,352,346
	$ 268,516,629	$ 794,048	$ 1,558,298	$ 88,086	$ 270,957,061

xi. The Group used historical expense and the forward-looking information, such as forecastability of future economic environment to assess the default possibility. For the year ended December 31, 2023 and 2022, the movements of the loss allowance are as follows:

	Year ended Decemeber 31, 2023			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
At January 1	$ 2,989,387	$ 349,790	$ 1,369,707	$ 4,708,884
Transfer and measurement stages	(68,442)	(142,330)	210,772	-
Provision for impairment	468,507	314,368	3,605,436	4,388,311
Write-offs	-	-	(3,668,091)	(3,668,091)
Effect of foreign exchange	(15,780)	(1,659)	(7,755)	(25,194)
At December 31	$ 3,373,672	$ 520,169	$ 1,510,069	$ 5,403,910

	Year ended Decemeber 31, 2022			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
At January 1	$ 2,635,251	$ 211,861	$ 875,094	$ 3,722,206
Transfer and measurement stages	(92,889)	(63,903)	156,792	-
Provision for impairment	428,876	201,263	2,033,410	2,663,549
Write-offs	-	-	(1,699,792)	(1,699,792)
Effect of foreign exchange	16,724	569	5,628	22,921
At December 31	$ 2,987,962	$ 349,790	$ 1,371,132	$ 4,708,884

For the years ended December 31, 2023 and 2022, gains on reversal of bad debts amounted to $983,936 and $821,467, respectively, and recognized as deduction on expected credit impairment loss.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by finance departments of companies within the Group. Finance departments of companies within the Group monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Within 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	$ 71,216,266	$ 15,114,789	$ 7,850,140
Short-term notes and bills payable	110,115,977	16,260,987	8,260,337
Notes payable	1,522,704	-	-
Accounts payable (including related parties)	707,786	-	-
Other payables	3,390,682	-	-
Bonds payable	343,500	22,211,960	9,347,534
Lease liabilities	149,969	120,034	263,418
Long-term loans	619,985	98,865	882,622
Derivative financial liabilities:			
Cross-currency swap	$ 1,024,638	$ 48,788	$ 14,557

December 31,2022	Within 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	$ 60,291,311	$ 12,393,403	$ 12,682,205
Short-term notes and bills payable	81,583,817	11,228,520	13,088,357
Notes payable	762,215	-	-
Accounts payable (including related parties)	514,386	-	-
Other payables	3,169,687	-	-
Bonds payable	209,000	209,000	22,303,427
Lease liabilities	136,408	110,838	200,248
Long-term loans	15,948	14,429	284,401
Derivative financial liabilities:			
Cross-currency swap	$ 174,433	$ 412,367	$ -

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group’s investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group’s investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable, other payables, bonds payable, long-term loans (including current portion) and lease liabilities are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at December 31, 2023 and 2022 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Hedging financial assets	$ -	$ 570,885	$ -	$ 570,885
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	19,656	19,656
Total	$ -	$ 570,885	$ 19,656	$ 590,541
Liabilities				
Recurring fair value measurements				
Hedging financial liabilities	$ -	$ 1,087,983	$ -	$ 1,087,983

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
- beneficiary certificates	$ 300,000	$ -	$ -	$ 300,000
Hedging financial assets	-	504,827	-	504,827
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	3,519	3,519
Total	$ 300,000	$ 504,827	$ 3,519	$ 808,346
Liabilities				
Recurring fair value measurements				
Hedging financial liabilities	$ -	$ 586,800	$ -	$ 586,800

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

ii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts and foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iii. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1, Level 2 and Level 3.

E. The financial department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation Technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative - equity instrument:					
Unlisted shares	$ 19,656	Net worth method, Discounted cash flow	Net asset value, long-term net operating profit before income tax	-	The higher the net asset value and long-term net operating profit before income tax, the higher the fair value

	Fair value at December 31, 2022		Valuation Technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative						
- equity instrument:						
Unlisted shares	$	3,519	Net worth method	Net asset value	-	The higher the net asset value, the higher the fair value

G. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. If the inputs used to valuation models increase/decrease by 1%, there is no significant effect to other comprehensive income.

(4) The Group's current assets and liabilities within or over 12 months after the balance sheet date are as follows:

December 31, 2023		Book value		Within 12 months		Over 12 months
Assets						
Cash and cash equivalents	$	2,878,184	$	2,878,184	$	-
Hedging financial assets - current		570,885		477,832		93,053
Accounts and notes receivable, net		273,468,608		100,295,043		173,173,565
Other receivables		78,696		78,696		-
Inventories		4,962		4,962		-
Prepayments		6,747,521		5,146,271		1,601,250
Other current financial assets		506,020		506,020		-
Liabilities						
Short-term loans	$	92,619,765	$	70,073,763	$	22,546,002
Short-term notes and bills payable		133,524,317		109,497,790		24,026,527
Hedging financial liabilities-current		1,087,983		1,024,638		63,345
Notes payable		1,522,704		1,522,704		-
Accounts payable (including related parties)		707,786		707,786		-
Other payables		3,390,682		3,390,682		-
Current income tax liabilities		854,078		854,078		-
Lease liabilities-current		144,040		144,040		-
Bonds payable		31,200,000		-		31,200,000
Financial guarantee liabilities-current		27,486		27,486		-
Guarantee deposits received-current		4,404,620		1,971,759		2,432,861
Other current liabilities, others		46,109		46,109		-

December 31, 2022		Book value		Within 12 months		Over 12 months
Assets						
Cash and cash equivalents	$	2,382,775	$	2,382,775	$	-
Hedging financial assets - current		504,827		182,211		322,616
Accounts and notes receivable, net		226,269,028		83,368,938		142,900,090
Other receivables		82,568		82,568		-
Inventories		5,979		5,979		-
Prepayments		6,886,170		5,285,964		1,600,206
Other current financial assets		373,119		373,119		-
Liabilities						
Short-term loans	$	83,933,343	$	59,400,123	$	24,533,220
Short-term notes and bills payable		104,986,596		81,058,607		23,927,989
Hedging financial liabilities-current		586,800		174,433		412,367
Notes payable		762,215		762,215		-
Accounts payable (including related parties)		514,386		514,386		-
Other payables		3,165,332		3,165,332		-
Current income tax liabilities		724,843		724,843		-
Lease liabilities-current		114,848		114,848		-
Bonds payable		22,200,000		-		22,200,000
Financial guarantee liabilities-current		39,598		39,598		-
Guarantee deposits received-current		4,275,142		1,752,265		2,522,877
Other current liabilities, others		65,667		65,667		-

13. SUPPLEMENTARY DISCLOSURES

The information of significant transactions for the year ended December 31, 2023, is as follows:

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 5.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods:

As of December 31, 2023, derivative financial instruments that are not yet matured are as follows:

Name of company holding the derivative financial instrument	Derivative financial Instrument	Contract amount (In thousands)	Expiry date	Book value	Fair value
Hotai Finance Co., Ltd.	Cross-currency swap	JPY 66,100,000	2024/9/9~ 2025/5/2	($ 927,803)	($ 927,803)
Hotai Finance Co., Ltd.	Cross-currency swap	EUR 75,000	2024/9/12	256,676	256,676
Hotai Finance Co., Ltd.	Cross-currency swap	USD 30,000	2024/9/6	(30,648)	(30,648)
Hoyun International Leasing Co., Ltd.	Cross-currency swap	USD 62,750	2024/8/30~ 2025/1/13	190,055	190,055
Hoyun International Leasing Co., Ltd.	Cross-currency swap	JPY 4,000,000	2026/10/23	(14,557)	(14,557)
Hoyun(Shanghai) Commercial Factoring Co., Ltd.	Cross-currency swap	USD 4,800	2024/10/18	9,179	9,179

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies: Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

(a) Amount and percentage of purchase and its balance percentage of the payables: None.

(b) Amount and percentage of sales and its balance percentage of the payables: None.

(c) Property transaction amount and profit or loss arises from: None.

(d) Ending balance and purpose of notes endorsed, guaranteed or pledged as collateral: Please refer to table 2.

(e) Maximum balance, ending balance, interest rate range and total interest of financing during the period: Please refer to table 1.

(f) Other transactions having significant to profit or loss or financial status, i.e. services rendering or receiving: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group considers the business from geographical perspective, and the reportable operating segments are as follows:

A. Taiwan: installment sales and leasing of various vehicles and equipment.

B. China: leasing of various vehicles and equipment.

(2) Measurement of segment information

A. The accounting policies of operating segments are in agreement with the significant accounting policies summarized in Note 4.

B. The pre-tax net income is used to measure the Group's operating segment profit (loss) and performance of the operating segments.

(3) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2023			
Items	Taiwan	China	Reconciliation and elimination	Total
Revenue from external customers				
Revenue from installment business	$ 19,422,438	$ 84,932	$ -	$ 19,507,370
Revenue from rental business	4,723,355	4,213,266	-	8,936,621
Revenue from other business	216,444	-	-	216,444
Inter-segment revenue	-	-	-	-
Total segment revenue	$ 24,362,237	$ 4,298,198	$ -	$ 28,660,435
Segment income	$ 4,846,809	$ 1,061,332	($ 376,930)	$ 5,531,211
Depreciation and amortisation	$ 999,743	$ 498,039	$ -	$ 1,497,782
Expense of income tax	$ 1,124,118	$ 314,937	$ -	$ 1,439,055
Segment assets	$ 277,489,144	$ 37,488,964	($ 2,838,396)	$ 312,139,712
Segment liabilities	$ 240,275,252	$ 31,869,622	$ -	$ 272,144,874

	Year ended December 31, 2022			
Items	Taiwan	China	Reconciliation and elimination	Total
Revenue from external customers				
Revenue from installment business	15,313,813	52,176	-	15,365,989
Revenue from rental business	3,799,370	3,602,666	-	7,402,036
Revenue from other business	19,225	-	-	19,225
Inter-segment revenue	-	-	-	-
Total segment revenue	$ 19,132,408	$ 3,654,842	$ -	$ 22,787,250
Segment income	$ 4,613,244	$ 1,189,879	($ 446,605)	$ 5,356,518
Depreciation and amortisation	$ 938,752	$ 496,607	$ -	$ 1,435,359
Expense of income tax	$ 981,423	$ 305,511	$ -	$ 1,286,934
Segment assets	$ 228,448,119	$ 29,680,869	($ 2,763,900)	$ 255,365,088
Segment liabilities	$ 198,263,032	$ 24,209,042	$ -	$ 222,472,074

(4) Reconciliation for segment income (loss)

A. The Group's Chief Operating Decision-Maker assesses performance of operating segments and allocates resources based on pre-tax net income, thus, reconciliation is not needed.

B. The amounts provided to the Chief Operating Decision-Maker with respect to total assets are measured in a manner consistent with that of the financial statements.

(5) Information on products and services

Details of revenue is as follows:

	Years ended December 31, 2023	Years ended December 31, 2022
Sales revenue	$ 1,463,411	$ 891,141
Interest revenue	17,513,683	13,561,273
Finance leasing revenue	3,291,243	2,722,938
Operating leasing revenue	4,833,219	4,297,082
Service revenue	1,339,781	1,295,591
Others revenue	219,098	19,225
	$ 28,660,435	$ 22,787,250

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 24,362,237	$ 24,041,734	$ 19,132,408	$ 15,285,853
China	4,298,198	2,818,947	3,654,842	2,444,393
Total	$ 28,660,435	$ 26,860,681	$ 22,787,250	$ 17,730,246

(7) Major customer information

For the years ended December 31, 2023 and 2022, none of the revenue from major customers is greater than 10% of the entity's revenue.

Hotai Finance Co., Ltd.

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Other receivables	Y	$ 2,000,000	$ -	$ -	1.73%	Short-term financing	$ -	Operational needs	$ -	None	$ -	$ 3,609,761	$ 7,219,522	Note 1
0	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Other receivables	Y	2,000,000	-	-	1.73%	Short-term financing	-	Operational needs	-	None	-	3,609,761	7,219,522	Note 1
1	Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Other receivables	Y	864,479	864,479	259,344	3.90% ~ 4.10%	Short-term financing	-	Operational needs	-	None	-	5,619,342	11,238,684	Note 2
1	Hoyun International Leasing Co., Ltd.	Hemei International Trade (Suzhou) Co.. Ltd	Other receivables	Y	221,416	216,120	4,322	3.90% ~ 4.00%	Short-term financing	-	Operational needs	-	None	-	5,619,342	11,238,684	Note 2
2	He Jun Energy Co., Ltd.	Cheng Yo Technology Co.,Ltd.	Other receivables	Y	45,000	45,000	-	1.73%	Short-term financing	-	Operational needs	-	None	-	91,587	183,175	Note 3
2	He Jun Energy Co., Ltd.	Hon Yang Energy Co., Ltd.	Other receivables	Y	20,000	20,000	-	1.73%	Short-term financing	-	Operational needs	-	None	-	91,587	183,175	Note 3
2	He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Other receivables	Y	10,000	10,000	-	1.73%	Short-term financing	-	Operational needs	-	None	-	91,587	183,175	Note 3
2	He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Other receivables	Y	30,000	30,000	-	1.73%	Short-term financing	-	Operational needs	-	None	-	91,587	183,175	Note 3
2	He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Other receivables	Y	10,000	10,000	3,000	2.49%	Short-term financing	-	Operational needs	-	None	-	91,587	183,175	Note 3
3	He Jing Co., Ltd.	A	Accounts receivable	N	20,000	-	-	5.00%	Short-term financing	-	Operational needs	-	None	-	302,209	604,417	Note 4
3	He Jing Co., Ltd.	B	Accounts receivable	N	30,000	30,000	26,997	5.00%	Short-term financing	-	Operational needs	-	Stock	24,000	302,209	604,417	Note 4、Note 5
3	He Jing Co., Ltd.	C	Accounts receivable	N	85,000	85,000	83,079	6.25% ~ 10.00%	Short-term financing	-	Operational needs	-	Real estate	68,000	302,209	604,417	Note 4
3	He Jing Co., Ltd.	D	Accounts receivable	N	70,000	70,000	64,240	6.00% ~ 10.00%	Short-term financing	-	Operational needs	-	Real estate	82,810	302,209	604,417	Note 4

Hotai Finance Co., Ltd.

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
3	He Jing Co., Ltd.	E	Accounts receivable	N	30,000	30,000	-	5.00%	Short-term financing	-	Operational needs	-	Stock	24,000	302,209	604,417	Note 4、Note 5

Note 1: For the short-term financing granted by the creditor (Hotai Finance Co., Ltd.) to the borrower for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth as prescribed in the Hotai Finance Co., Ltd.'s "Procedures for Provision of Loans".

Note 2: For loans granted by Hoyun International Leasing Co., Ltd. to foreign companies whose voting rights are 100% owned directly and indirectly by the parent company, ceiling on total loans granted is 200% of the total shareholders' equity and limit on loans granted to a single party is 100% of the total shareholders' equity.

Note 3: For the short-term financing granted by the creditor (He Jun Energy Co., Ltd.) to the borrower for working capital needs, ceiling on total loans granted is 20% of net worth granted and limit on loans granted to a single party is 10% of net worth .

Note 4: For the short-term financing granted by the creditor (He Jing Co., Ltd.) to the borrower for working capital needs, ceiling on total loans granted is 20% of net worth and limit on loans granted to a single party is 10% of net worth.

Note 5: For the short-term financing granted by the creditor (He Jing Co., Ltd.) to the borrower (B and E) for working capital needs, the collaterals are shared by both parties and the collaterals are stocks with value of $24,000 thousand.

Hotai Finance Co., Ltd.
Provision of endorsements and guarantees to others
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements /guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
0	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Subsidiary	$ 36,097,609	$ 10,500,000	$ 500,000	$ -	$ -	1.39%	$ 36,097,609	Y	N	N	Note 2
0	Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Subsidiary	36,097,609	2,000,000	1,500,000	500,000	-	4.16%	36,097,609	Y	N	N	Note 2
0	Hotai Finance Co., Ltd.	Hoyun International Leasing Co., Ltd.	Subsidiary of a subsidiary	36,097,609	2,223,669	2,161,198	324,797	-	5.99%	36,097,609	Y	N	Y	Note 2
0	Hotai Finance Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Subsidiary of a subsidiary	36,097,609	516,390	499,317	467,403	-	1.38%	36,097,609	Y	N	Y	Note 2

Note 1:The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Ceiling on total endorsements is 100% of the total shareholders’ equity. Limit on endorsement/guarantee to a single party is 100% of the total shareholders’ equity. The net assets are based on the latest audited or reviewed financial statements.

Hotai Finance Co., Ltd.

Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Hotai Finance Co., Ltd.	Ho An Insurance Agency Co., Ltd.	-	Investments in equity instruments designated at fair value through other comprehensive income -non-current	-	$ 3,811	0.50%	$ 3,811	
Hotai Finance Co., Ltd.	Ho Chuang Insurance Agency Co., Ltd.	-	Investments in equity instruments designated at fair value through other comprehensive income -non-current	-	108	0.50%	108	
He Jun Energy Co., Ltd.	Perpetual New Energy Co., Ltd.	None	Investments in equity instruments designated at fair value through other comprehensive income -non-current	1,600,000	15,737	8.00%	15,737	

Hotai Finance Co., Ltd.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

					Balance as at January 1, 2023		Additions		Disposal				Balance as at December 31, 2023		
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Footnote
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Investments accounted for using the equity method	He Jing Co., Ltd.	Subsidiary	-	$ -	-	$ -	-	$ -	$ -	$ -	-	$ -	Note 1
Hotai Finance Co., Ltd.	Ly Hour Leasing PLC	Investments accounted for using the equity method	Note 2	Associate	-	-	-	-	-	-	-	-	-	-	Note 1
He Jun Energy Co., Ltd.	Heng Fong Energy Co., Ltd.	Investments accounted for using the equity method	Heng Fong Energy Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-	-	Note 1
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Investments accounted for using the equity method	Cheng Yo Technology Co., Ltd.	Subsidiary	-	-	-	-	-	-	-	-	-	-	Note 1
Hotai Finance Co., Ltd.	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	113,615,255	1,900,000	113,615,255	1,900,382	1,900,000	382	-	-	
Hotai Finance Co., Ltd.	Yuanta De- Bao Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	328,695,977	4,050,000	328,695,977	4,051,212	4,050,000	1,212	-	-	
Hotai Finance Co., Ltd.	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	109,550,678	1,700,000	109,550,678	1,700,261	1,700,000	261	-	-	
Hotai Finance Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	25,146,525	350,000	25,146,525	350,079	350,000	79	-	-	
Hotai Finance Co., Ltd.	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	130,319,999	1,900,000	130,319,999	1,900,597	1,900,000	597	-	-	

Hotai Finance Co., Ltd.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

					Balance as at January 1, 2023		Additions		Disposal				Balance as at December 31, 2023		
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Footnote
Hotai Finance Co., Ltd.	SinoPac TWD Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	20,993,996	300,000	20,993,996	300,084	300,000	84	-	-	
Hotai Finance Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	68,513,726	1,100,000	68,513,726	1,100,448	1,100,000	448	-	-	
Hotai Finance Co., Ltd.	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	347,690,301	5,800,000	347,690,301	5,802,628	5,800,000	2,628	-	-	
Hotai Finance Co., Ltd.	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	97,769,367	1,200,000	97,769,367	1,200,207	1,200,000	207	-	-	
Hotai Finance Co., Ltd.	Shin Kong Chi-Shin Money-Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	-	31,465,341	500,000	31,465,341	500,312	500,000	312	-	-	
He Jing Co., Ltd.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	21,794,089	300,000	-	-	21,794,089	300,041	300,000	41	-	-	

Note1: Please refer to table 7 for relevant information.

Note 2: Obtained from a natural person.

Hotai Finance Co., Ltd.

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

							Information on prior transaction if the counterparty is a related party						
Real estate acquired by	Real estate	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship	Owner	Relationship with the issuer	Date of transfer	Amount	Basis or reference used in setting the price	Purpose of acquisition and utilization	Other commitments
Hotai Finance Co., Ltd.	New Taipei City, Sanchong District, Zhongxing Section 28-30, 34-39, Building 5F, Units ABC, and 6F, Units ABCD	May 4, 2023	$ 922,360	$ 138,330	Kuo Yang Construction Co., Ltd.	Non-Related Party	-	-	-	-	Appraised by professional appraisal firm (Note 1)	Future operational requirements	None

Note 1:Reference was made to the appraisal results of Bon-De Real Estate Joint Appraisers Firm (appraisal of $926,388) and CCIS Real Estate Joint Appraisers Firm (appraisal of $940,904) and the market price.

Note 2:In May 2023, the Company entered into a real estate contract with a non-related party for purchase of land and buldings in Zhongxing Section, Sanchong District, New Taipei City. As the transfer of ownership has not been completed, they were shown as 'other non-current assets, others'.

Hotai Finance Co., Ltd.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Hotai Finance Co., Ltd.	Hoyun International Leasing Co., Ltd.	1	Management fee income	$ 33,741	Transaction by contracts	0.12%
0	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	1	Management fee and other income	33,406	Transaction by contracts	0.12%
1	Hoyun International Leasing Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	3	Other receivables	259,344	Note 5	0.08%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'..

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Result of receivable on loan financing.

Hotai Finance Co., Ltd.

Information on investees

Year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Hotai Finance Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	$ 1,240,482	$ 1,240,482	40,400,000	50.50	$ 2,838,396	$ 746,395	$ 376,930	Subsidiary
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of passenger car	310,000	310,000	33,401,880	50.82	369,407	52,682	26,773	Subsidiary
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Taiwan	Installment sales of various vehicles	2,430,000	810,000	243,000,000	81.00	2,447,890	94,833	76,815	Subsidiary
Hotai Finance Co., Ltd.	He Jun Energy Co., Ltd.	Taiwan	Solar energy business	800,000	800,000	80,000,000	80.00	732,635	(55,168)	(44,134)	Subsidiary
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	Taiwan	Taxi dispatch service	120,000	120,000	12,000,000	27.40	79,151	(43,790)	(11,997)	Associate
Hotai Finance Co., Ltd.	Ly Hour Leasing PLC	Cambodia	Leasing of car	521,985	-	5,600,000	35.00	547,724	34,961	2,143	Associate
He Jun Energy Co., Ltd.	Wei Tien Energy Storage Co., Ltd.	Taiwan	Energy storage business	22,000	22,000	2,200,000	100.00	20,968	(571)	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Zheng-Ren Energy Co., Ltd.	Taiwan	Solar energy business	86,730	31,850	8,673,000	35.00	72,315	(19,769)	-	Associate
He Jun Energy Co., Ltd.	Chaoyang Energy Co., Ltd.	Taiwan	Solar energy business	32,781	9,781	3,200,000	96.97	32,199	134	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Guang Yang Energy Co., Ltd.	Taiwan	Solar energy business	20,816	116	2,079,000	99.00	20,689	(120)	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	XianYao Energy Co., Ltd.	Taiwan	Solar energy business	27,706	1,066	2,673,000	99.00	25,359	(1,612)	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Heng Fong Energy Co., Ltd.	Taiwan	Energy storage business	410,000	-	41,000,000	20.00	405,316	(23,422)	-	Associate
He Jun Energy Co., Ltd.	Gochabar Co., Ltd.	Taiwan	Charging system technical service	36,000	-	3,600,000	30.00	29,787	(20,709)	-	Associate
He Jun Energy Co., Ltd.	Tung Ching Energy Co., Ltd.	Taiwan	Solar energy business	42,227	-	4,000,000	100.00	41,209	936	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Hejun Electricity Co., Ltd.	Taiwan	Electricity retailing business	1,000	-	100,000	100.00	861	(139)	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Tung Ching Green Energy Co., Ltd.	Taiwan	Solar energy business	88,685	-	9,200,000	100.00	91,065	(967)	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Billion Sunpower Co., Ltd.	Taiwan	Solar energy business	163,017	-	10,000,000	100.00	167,823	9,325	-	Subsidiary of a subsidiary
He Jun Energy Co., Ltd.	Cheng Yo Technology Co., Ltd.	Taiwan	Solar energy business	474,783	-	5,000,000	100.00	473,730	24,238	-	Subsidiary of a subsidiary
Cheng Yo Technology Co., Ltd.	Hon Yang Energy Co., Ltd.	Taiwan	Solar energy business	27,037	-	2,000,000	100.00	29,644	8,038	-	Subsidiary of a subsidiary

Hotai Finance Co., Ltd.

Information on investments in Mainland China

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hoyun International Leasing Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	$ 2,456,400	Note 1(2)	$ 1,240,482	$ -	$ -	$ 1,240,482	$ 817,129	50.50	$ 412,650	$ 2,838,396	$ 231,834	Note 2(2) B.、Note 4
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring service	216,120	Note 1(3)	-	-	-	-	24,186	50.50	12,214	146,302	-	Note 2(2) B.
Hoyun (Shanghai) Vehicle Leasing Co., Ltd.	Leasing of vehicles	648,359	Note 1(3)	-	-	-	-	38,845	50.50	19,617	306,680	-	Note 2(2) B.
Hangzhou Yiyou Network Technology Co., Ltd.	Leasing of license plate	432	Note 1(3)	-	-	-	-	(9)	50.50	(5)	3,193	-	Note 2(2) B.
Hangzhou Wangyou Technology Co., Ltd.	Leasing of license plate	432	Note 1(3)	-	-	-	-	(2)	50.50	(1)	927	-	Note 2(2) B.
Hemei International Trade (Suzhou) Co., Ltd	Goods trading business	432	Note 1(3)	-	-	-	-	(764)	50.50	(386)	(161)	-	Note 2(2) B.

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in Mainland China.
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3) Investment in Mainland China companies through an existing company established in Mainland China.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column:
(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
B.The financial statements that are reviewed and attested by R.O.C. parent company's CPA.
C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: In July 2023, the Investment Commission approved the repatriation of the surplus USD7,550 thousand of Hoyun International Leasing Co., Ltd. an investment enterprise in the Mainland China (the time of repatriation was June 2023), which was deducted from the cumulative amount of the investment in the Mainland China.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Hotai Finance Co., Ltd.	$ 1,240,482	$ 1,241,746	$ 23,996,903

Hotai Finance Co., Ltd.
Major shareholders information
December 31, 2023

Table 9

Name of major shareholders	Shares	
	Number of shares held(Note)	Ownership (%)(Note)
Hozan Investment Co.,Ltd.	257,161,874	45.39
Toyota Financial Service Corporation	130,074,859	22.96

Note: Excluding preferred stock