HOTAI FINANCE CO., LTD.

PARENT COMPANY

ONLY 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.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT
(TRANSLATED FROM CHINESE)

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

Opinion

We have audited the accompanying parent company only balance sheets of Hotai Finance Company Limited (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only 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 the report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Parent Company Only Financial Statements section of our report. We are independent of the Company 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 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 Company's 2023 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are as follows:

Evaluation of provision for impairment of accounts receivable

Description

Please refer to Note 4(8) to the parent company only 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(3) for details of accounts receivable.

The Company'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 Company is to provide customers with flexible financing options and to streamline the vehicle delivery process. Therefore, Hotai Finance is responsible for the collections of accounts receivable and manages overdue accounts.

When accounts receivable are past due over 30 days, the Company 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 Company will estimate and recognize the impairment of accounts receivable based on the probability of overdue accounts becoming impaired over the past years and the Company'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 audits of other auditors

We did not audit the financial statements of certain 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 parent company only financial statements and the information on the investee disclosed in Note 13 is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT$1,191,426 thousand and NT$31,988 thousand, constituting 0.48% and 0.02% of the total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income (loss) amounted to NT$3,128 thousand and NT$(975), constituting 0.09% and (0.03%) of the total comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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 parent company only 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 parent company only 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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 289,213	-	$ 969,999	1
1139	Hedging financial assets-current	6(2)	371,651	-	341,901	-
1150	Notes receivable, net	6(3) and 8	7,805,226	3	7,120,910	3
1170	Accounts receivable, net	6(3) and 7	218,201,023	88	186,862,870	88
1200	Other receivables		21,575	-	8,823	-
130X	Inventories		3,346	-	4,181	-
1410	Prepayments	6(4)	2,649,120	1	2,898,499	1
1476	Other current financial assets	8	105,600	-	150,400	-
11XX	**Current Assets**		229,446,754	92	198,357,583	93
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income-non-current		3,919	-	3,519	-
1550	Investments accounted for using equity method	6(5)	7,015,203	3	4,725,737	2
1600	Property, plant and equipment, net	6(6)	1,409,201	1	1,198,335	1
1755	Right-of-use assets	6(7)	54,219	-	65,797	-
1760	Investment property, net	6(9)	442,210	-	445,060	-
1840	Deferred income tax assets	6(25)	355,156	-	240,565	-
1930	Long-term notes and accounts receivable	6(3)	10,791,641	4	7,271,134	4
1990	Other non-current assets, others		248,749	-	56,274	-
15XX	**Non-current assets**		20,320,298	8	14,006,421	7
1XXX	**Total assets**		$ 249,767,052	100	$ 212,364,004	100

(Continued)

HOTAI FINANCE CO., LTD.
PARENT COMPANY ONLY 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(10)	$ 55,133,025	22	$ 55,296,335	26
2110	Short-term notes and bills payable	6(11)	122,564,008	49	100,961,765	48
2126	Hedging financial liabilities-current	6(2)	1,073,425	1	586,800	-
2150	Notes payable		6,542	-	16,406	-
2170	Accounts payable		61,701	-	126,676	-
2180	Accounts payable - related parties	7	223,514	-	157,958	-
2200	Other payables	6(12) and 7	1,607,989	1	1,947,935	1
2230	Current income tax liabilities		716,043	-	602,572	-
2280	Lease liabilities-current	7	21,545	-	23,791	-
2320	Bonds payable	6(13)	31,200,000	13	22,200,000	11
2370	Financial guarantee liabilities-current		27,486	-	39,598	-
2399	Guarantee deposits received-current		643,331	-	515,285	-
21XX	**Total current liabilities**		213,278,609	86	182,475,121	86
	Non-current liabilities					
2570	Deferred income tax liabilities	6(25)	353,394	-	360,686	-
2580	Lease liabilities-non-current	7	33,669	-	43,195	-
2645	Guarantee deposits received-non-current		3,771	-	3,703	-
25XX	**Total non-current liabilities**		390,834	-	407,584	-
2XXX	**Total Liabilities**		213,669,443	86	182,882,705	86
	Equity					
	Share capital	6(16)				
3110	Common stock		5,665,004	2	5,150,004	3
3120	Preference stock		1,000,000	-	500,000	-
	Capital surplus	6(17)				
3200	Capital surplus		17,011,275	7	12,510,367	6
	Retained earnings	6(18)				
3310	Legal reserve		2,445,870	1	2,083,531	1
3320	Special reserve		23,732	-	157,171	-
3350	Unappropriated retained earnings		10,066,623	4	8,981,897	4
	Other equity interest					
3400	Other equity interest		(114,895)	-	98,329	-
3XXX	**Total equity**		36,097,609	14	29,481,299	14
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 249,767,052	100	$ 212,364,004	100

The accompanying notes are an integral part of these parent company only financial statements.

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

	Items	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	6(19) and 7	$ 18,578,111	100	$ 15,235,369	100
5000	Operating costs	6(20)	(6,152,700)	(33)	(3,822,962)	(25)
5950	Gross profit		12,425,411	67	11,412,407	75
	Operating expenses	6(23)(24) and 7				
6100	Selling expenses		(4,088,001)	(22)	(4,756,459)	(31)
6200	General and administrative expenses		(1,209,818)	(7)	(1,030,414)	(7)
6450	Expected credit losses		(2,858,079)	(15)	(1,482,516)	(10)
6000	Total operating expenses		(8,155,898)	(44)	(7,269,389)	(48)
6900	Operating profit		4,269,513	23	4,143,018	27
	Non-operating income and expenses					
7100	Interest income	6(21)	7,934	-	6,903	-
7010	Other income	6(22)	90,596	1	63,244	-
7020	Other gains and losses		3,325	-	(2)	-
7050	Finance costs	6(7)	(390)	-	(569)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	426,530	2	388,906	3
7000	Total non-operating income and expenses		527,995	3	458,482	3
7900	**Profit before income tax**		4,797,508	26	4,601,500	30
7950	Income tax expense	6(25)	(1,107,696)	(6)	(978,113)	(6)
8200	**Profit for the year**		$ 3,689,812	20	$ 3,623,387	24
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income		$ 400	-	$ 162	-
8330	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	`	(210)	-	-	-
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		190	-	162	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		(59,449)	-	36,406	-
8368	(Losses) gains on hedging instruments	6(2)	(181,395)	(1)	286,161	2
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method that will be reclassified to profit or loss		(11,849)	-	(9,997)	-
8399	Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss	6(25)	36,279	-	(57,232)	(1)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(213,414)	(1)	255,338	1
8300	**Other comprehensive (loss) income for the year**		($ 213,414)	(1)	$ 255,500	1
8500	**Total comprehensive income for the year**		$ 3,476,588	19	$ 3,878,887	25
	Basic earnings per share	6(26)				
9750	Basic earnings per share		$	6.41	$	6.40
	Diluted earnings per share	6(26)				
9850	Diluted earnings per share		$	6.40	$	6.39

Year ended December 31.

The accompanying notes are an integral part of these parent company only financial statements.

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

		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 from financial assets measured at fair value through other comprehensive income	(Losses) gains on hedging instruments	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
Profit for the year		-	-	-	-	-	3,623,387	-	-	-	3,623,387
Other comprehensive income for the year		-	-	-	-	-	-	36,406	162	218,932	255,500
Total comprehensive income for the year		-	-	-	-	-	3,623,387	36,406	162	218,932	3,878,887
Appropriation and distribution of											
Legal reserve	6(18)	-	-	-	314,144	-	(314,144)	-	-	-	-
Special reserve	6(18)	-	-	-	-	81,689	(81,689)	-	-	-	-
Cash dividend on common stock	6(18)	-	-	-	-	-	(2,163,002)	-	-	-	(2,163,002)
Issuance of preference stock	6(16)	-	500,000	4,500,000	-	-	-	-	-	-	5,000,000
Compensation cost of share-based payments	6(15)	-	-	10,150	-	-	-	-	-	-	10,150
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
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
Profit for the year		-	-	-	-	-	3,689,812	-	-	-	3,689,812
Other comprehensive income (loss) for the year		-	-	-	-	-	-	(59,449)	190	(156,965)	(213,224)
Total comprehensive income (loss) for the year		-	-	-	-	-	3,689,812	(59,449)	190	(156,965)	3,476,588
Appropriation and distribution of											
Legal reserve	6(18)	-	-	-	362,339	-	(362,339)	-	-	-	-
Special reserve reserved	6(18)	-	-	-	-	(133,439)	133,439	-	-	-	-
Dividend on preferred stock	6(18)	-	-	-	-	-	(58,685)	-	-	-	(58,685)
Cash dividend on common stock	6(18)	-	-	-	-	-	(1,802,501)	-	-	-	(1,802,501)
Stock dividend on common stock	6(16)	515,000	-	-	-	-	(515,000)	-	-	-	-
Issuance of preference stock	6(16)	-	500,000	4,500,000	-	-	-	-	-	-	5,000,000
Compensation cost of share-based payments	6(15)	-	-	908	-	-	-	-	-	-	908
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

The accompanying notes are an integral part of these parent company only financial statements.

HOTAI FINANCE CO., LTD.
PARENT COMPANY ONLY 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		$ 4,797,508	$ 4,601,500
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		3,841,207	2,311,719
Net gains on financial assets at fair value through profit and loss		-	(2,848)
Net losses on disposals of property, plant and equipment		97	-
Depreciation	6(23)	138,728	196,821
Reversal of impairment loss recognized on leased assets	6(6)	(2,437)	(4,236)
Share of profit of subsidiaries, associates, and joint ventures accounted for using equity method	6(5)	(426,530)	(388,906)
Interest expense	6(7)(20)	3,085,977	1,652,135
Interest income	6(19)(21)	(16,561,836)	(13,331,566)
Dividend income		(900)	(911)
Profit from lease modification	6(7)	-	(758)
Share-based payments	6(15)	908	10,150
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		-	2,848
Notes and accounts receivable		(39,384,183)	(38,036,206)
Inventories		9,872	7,005
Prepayments		249,379	815,354
Other receivables		(2,129)	2,974
Other financial assets		44,800	(29,800)
Net changes in liabilities relating to operating activities			
Notes payable		(9,864)	(12,091)
Accounts payable		(64,975)	47,391
Accounts payable-related parties		65,556	(40,921)
Other payables		(409,512)	126,870
Financial guarantee liabilities-current		(12,112)	(14,109)
Cash outflow generated from operations		(44,640,446)	(42,087,585)
Cash dividends received		235,037	911
Interest received		16,551,213	13,327,590
Interest paid		(3,014,168)	(1,560,776)
Income tax paid		(1,079,829)	(834,006)
Net cash flows from used in operating activities		(31,948,193)	(31,153,866)
Cash Flows From Investing Activities			
Acquisition of investment accounted for using equity method	6(5)	(2,165,581)	(800,000)
Acquisition of property, plant and equipment	6(6)	(329,689)	(685,602)
Proceeds from disposal of property, plant and equipment	6(6)	-	95,006
(Increase) decrease in other non-current assets, others		(192,475)	172,157
Net cash flows used in investing activities		(2,687,745)	(1,218,439)
Cash Flows From Financing Activities			
Increase in short-term loans	6(27)	112,170	16,026,599
Repayments of principal portion of lease liabilities	6(27)	(23,946)	(25,080)
Increase in short-term notes and bills payable	6(27)	21,600,000	4,083,400
Proceeds from issuance of bonds payable	6(13)(27)	9,000,000	10,000,000
Increase in guarantee deposits received	6(27)	128,114	169,836
Cash dividends paid	6(18)(27)	(1,861,186)	(2,163,002)
Proceeds from issuance of preference stock	6(16)	5,000,000	5,000,000
Net cash flows from financing activities		33,955,152	33,091,753
Net (decrease) increase in cash and cash equivalents		(680,786)	719,448
Cash and cash equivalents at beginning of year		969,999	250,551
Cash and cash equivalents at end of year		$ 289,213	$ 969,999

The accompanying notes are an integral part of these parent company only financial statements.

HOTAI FINANCE CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED 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 is primarily engaged in installment sales and leases of equipment. Hozan Investment Co., Ltd. holds 45.395% ordinary equity interest in the Company. Ho Tai Motor Co. Ltd. is the Company's ultimate parent company.

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

These financial statements were authorized 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 endorsed by 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 Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

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 Company's financial condition and financial performance based on the Company'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 or 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 Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including hedging financial assets and liabilities) at fair value through profit or loss.

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

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

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in New Taiwan dollars, which is the Company's functional 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. 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.

(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 company 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.

(4) Classification of current and non-current items

The Company is engaged in installment sales, and the operating cycle usually exceeds 1 year. The Company 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.

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

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 Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company 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 Company measures the financial assets at fair value plus transaction costs. The Company 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 Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company 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.

(8) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company 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 Company recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

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

(10) 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) relating to 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.

(11) Investments accounted for using equity method

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company 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.

B. Unrealized gains or losses on transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' 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 Company’s share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

D. When the Company loses control of a subsidiary, the Company 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 Company 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.

E. Associates are all entities over which the Company 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.

F. The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

G. 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 Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate or in 'capital surplus' in proportion to its ownership.

H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.

I. When the Company disposes its investment in an associate, if it 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 still retains significant influence over this associate, then 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.

J. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(12) 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 Company 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)	3 ~ 5 years
Rental assets (machinery and equipment)	2 ~ 6 years
Leasehold improvements	5 ~ 10 years

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

A. Leases are recognised 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 Company. For short-term leases or leases of low-value assets, lease payments are recognised 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 Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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 recognised 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.

(14) 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.

(15) Impairment of non-financial assets

The Company 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.

(16) 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.

(17) 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.

(18) Derecognition of financial liabilities

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

(19) Bonds payable

Ordinary corporate bonds issued by the Company 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'.

(20) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company 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. A financial guarantee contract is initially recognized at its fair value adjusted for transaction costs on the trade date. At initial recognition, the Company 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.

(21) Hedge activities

A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Company'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 Company will assess whether the hedging relationship meets the hedge effectiveness requirements.

B. The Company 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 Company 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 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 Company 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.

(22) 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 Company’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, directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, 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 Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) 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.

(24) 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 Company 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 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 and associates, except where the timing of the reversal of the temporary difference is controlled by the Company 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.

(25) 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.

(26) 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.

(27) 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 Company has objective evidence that all criteria for acceptance have been satisfied.

B Interest income

The Company 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 Company has an agreement with the financial institutions in relation to providing referral services of car loans. The Company facilitates the promotion of car loans and provides services of account management while the financial institutions compensate the Company 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 owners to the Company once the borrowers default on loans. The Company pursues the defaulting borrowers for outstanding payments. Please refer Note 4(20) for the information of financial guarantee contracts.

5. <u>CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY</u>

The preparation of these financial statements requires management to make critical judgements in applying the Company'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 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) <u>Critical judgements in applying the Company's accounting policies</u>

None.

(2) Critical accounting estimates and assumptions

Evaluation of allowance for doubtful accounts

For the Company, the provision for allowance for impairment of notes and accounts receivable is provided by the probability of impairment depending on the length of overdue days and consider 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 is $236,797,890 as of December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 1,901	$ 1,812
Checking accounts and demand deposits	287,312	968,187
	$ 289,213	$ 969,999

A. The Company 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.

B. As of December 31, 2023 and 2022, cash and cash equivalents pledged to others as collateral amounting to $106,200 and $151,200, respectively, were classified as other current financial assets and other non-current assets, others.

(2) 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	$ 371,651	($ 1,073,425)	$ 341,901	($ 586,800)

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

B. Transaction information associated with the Company 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 rate	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	JPY	66,100,000	2021/9/30~ 2025/5/2	$ 114,975	($1,042,778)	$ -	0.21~0.25	0.83~2.32	$ -
	EUR	75,000	2022/9/12~ 2024/9/12	256,676	-	-	30.60	2.04	-
	USD	30,000	2023/9/7~ 2024/9/6	-	(30,647)	-	31.97	1.85	-

	December 31, 2022						Year ended December 31, 2022		
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 rate	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	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	-

	December 31, 2023	
Hedged items	Liabilities carrying amount	Valuation on liabilities' carrying amount due to fair value hedges
Cash flow hedges		
Exchange rate risk and interest rate risk		
Short-term loans	$ 18,592,370	($ 740,945)

	December 31, 2022	
Hedged items	Liabilities carrying amount	Valuation on liabilities' carrying amount due to fair value hedges
Cash flow hedges		
Exchange rate risk and interest rate risk		
Short-term loans	$ 16,555,200	($ 465,465)

C. Cash flow hedges

	Year ended December 31, 2023
Other equity - cash flow hedge reserve	
At January 1	$ 176,453
Less: Gains on hedge effectiveness-amount recognised in other comprehensive income	(113,220)
Less: Reclassified to profit or loss as the hedged item has affected profit and loss	(68,175)
Add: Income tax relating to the hedge effectiveness-amount recognized in other comprehensive income	36,279
At December 31	$ 31,337

	Year ended December 31, 2022
Other equity - cash flow hedge reserve	
At January 1	($ 52,476)
Add: Gains on hedge effectiveness-amount recognised in other comprehensive income	316,168
Less: Reclassified to profit or loss as the hedged item has affected profit and loss	(30,007)
Less: Income tax relating to the hedge effectiveness-amount recognized in other comprehensive income	(57,232)
At December 31	$ 176,453

To hedge exposed exchange rate risk and interest rate risk arising from short-term loans, the Company 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 interest costs when the hedged items are subsequently paid the principal or interest.

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

	December 31, 2023	December 31, 2022
Installment notes receivable	$ 7,792,920	$ 7,054,693
Installment accounts receivable	268,048,587	224,471,995
Lease payments and notes receivable	78,594	143,619
	275,920,101	231,670,307
Less: Unrealized interest revenue	(35,039,484)	(27,317,354)
Unearned finance income	(3,642)	(4,920)
Allowance for doubtful accounts	(4,079,085)	(3,093,119)
Notes and accounts receivable, net	$ 236,797,890	$ 201,254,914

As of December 31, 2023 and 2022, notes receivable pledged as collaterals for loans and commercial papers to banks amounted to $4,016,724 and $3,943,320, respectively. Please refer to Note 8.

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	$ 272,886,564	$ 230,088,653
31 to 60 days	1,199,071	588,338
61 to 90 days	541,837	316,791
91 to 120 days	495,578	234,177
121 to 150 days	411,453	241,171
Over 150 days	385,598	201,177
	$ 275,920,101	$ 231,670,307

The above ageing analysis was based on past due date.

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

	December 31, 2023	December 31, 2022
Not later than one year	$ 89,469,132	$ 76,516,866
Over 1 year	186,372,375	155,009,822
	$ 275,841,507	$ 231,526,688

C. Lease payments receivable

Please refer to Note 6(8).

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

(4) Prepayments

	December 31, 2023	December 31, 2022
Prepaid commission	$ 2,502,747	$ 2,753,821
Prepayments	60,434	75,289
Others	85,939	69,389
	$ 2,649,120	$ 2,898,499

(5) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Subsidiaries:		
Hoyun International Limited	$ 2,838,396	$ 2,763,900
Hoing Mobility Service Corporation	369,407	342,634
He Jing Co., Ltd.	2,447,890	751,075
He Jun Energy Co., Ltd.	732,635	776,980
Associates:		
Hotai Mobility Service Co., Ltd.	79,151	91,148
Ly Hour Leasing PLC	547,724	-
	$ 7,015,203	$ 4,725,737

A. For the information of the Company's subsidiaries, please refer to Note 4(3) in the Company's consolidated financial statements as of and for the year ended December 31, 2023.

B. The above investments do not have quoted market prices. The share of investment income (loss) recognized for investments accounted for using equity method amounting to $426,530 and $388,906 for the years ended December 31, 2023 and 2022, respectively, and were recognized based on financial statements audited by other independent auditors.

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

As of December 31, 2023 and 2022, the carrying amount of the Company's individually immaterial associates amounted to $626,875 and $91,148, respectively.

	2023	2022
Comprehensive loss for the year	($ 9,854)	($ 12,000)

D. In October 2023, the Company acquired 35% of the shareholding of Ly Hour Leasing PLC. amounting to US$17,000 thousand in cash. Although the Company is the single largest shareholder of Ly Hour Leasing PLC, the combined shareholdings of the other two major shareholders (not related parties) exceed the Company's shareholdings, which indicates that the Company 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.

E. In June 2023, the Company participated in a cash capital increase of He Jing Co., Ltd. amounting to $1,620,000 based on its 81% shareholding ratio. The shareholding ratio remained unchanged.

F. The Company invested $800,000 in cash to establish He Jun Energy Co., Ltd. in February 2022 and acquired 80% shares of the investee.

(6) Property, plant and equipment

	2023						
			Furniture and fixtures (including office equipment)				
	Land	Buildings and structures	Owner-occupied	Lease (Note 1)	Subtotal	Leasehold improvements	Total
At January 1							
Cost	$ 821,223	$ 213,666	$ 35,968	$ 438,116	$ 474,084	$ 15,578	$1,524,551
Accumulated depreciation and impairment	-	(15,910)	(33,969)	(262,657)	(296,626)	(13,680)	(326,216)
	$ 821,223	$ 197,756	$ 1,999	$ 175,459	$ 177,458	$ 1,898	$1,198,335
Opening net book amount as at January 1	$ 821,223	$ 197,756	$ 1,999	$ 175,459	$ 177,458	$ 1,898	$1,198,335
Additions	240,240	26,954	-	62,495	62,495	-	329,689
Disposal	-	-	(97)	-	(97)	-	(97)
Reclassifications	-	-	-	(9,037)	(9,037)	-	(9,037)
Depreciation	-	(4,926)	(951)	(104,510)	(105,461)	(1,739)	(112,126)
Gain on reversal of impairment loss	-	-	-	2,437	2,437	-	2,437
Closing net book amount as at December 31	$1,061,463	$ 219,784	$ 951	$ 126,844	$ 127,795	$ 159	$1,409,201
At December 31							
Cost	$1,061,463	$ 240,620	$ 27,479	$ 301,752	$ 329,231	$ 15,578	$1,646,892
Accumulated depreciation and impairment	-	(20,836)	(26,528)	(174,908)	(201,436)	(15,419)	(237,691)
	$1,061,463	$ 219,784	$ 951	$ 126,844	$ 127,795	$ 159	$1,409,201

Note 1: Leased assets are assets for lease purposes. 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: No property, plant and equipment of the Company was pledged to others.

Note 3: The Company has no circumstances that require interest capitalization.

	2022						
			Furniture and fixtures (including office equipment)				
	Land	Buildings and structures	Owner-occupied	Lease (Note 1)	Subtotal	Leasehold improvements	Total
At January 1							
Cost	$701,309	$ 255,265	$ 50,233	$ 629,360	$ 679,593	$ 15,578	$1,651,745
Accumulated depreciation and impairment	-	(22,919)	(32,616)	(354,293)	(386,909)	(11,660)	(421,488)
	$701,309	$ 232,346	$ 17,617	$ 275,067	$ 292,684	$ 3,918	$1,230,257
Opening net book amount as at January 1	$701,309	$ 232,346	$ 17,617	$ 275,067	$ 292,684	$ 3,918	$1,230,257
Additions	477,772	60,289	81,948	65,593	147,541	-	685,602
Disposal	-	-	(95,006)	-	(95,006)	-	(95,006)
Reclassifications	(357,858)	(90,052)	-	(9,979)	(9,979)	-	(457,889)
Depreciation	-	(4,827)	(2,560)	(159,458)	(162,018)	(2,020)	(168,865)
Gain on reversal of impairment loss	-	-	-	4,236	4,236	-	4,236
Closing net book amount as at December 31	$821,223	$ 197,756	$ 1,999	$ 175,459	$ 177,458	$ 1,898	$1,198,335
At December 31							
Cost	$821,223	$ 213,666	$ 35,968	$ 438,116	$ 474,084	$ 15,578	$1,524,551
Accumulated depreciation and impairment	-	(15,910)	(33,969)	(262,657)	(296,626)	(13,680)	(326,216)
	$821,223	$ 197,756	$ 1,999	$ 175,459	$ 177,458	$ 1,898	$1,198,335

Note 1: Leased assets are assets for lease purposes. 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: No property, plant and equipment of the Company was pledged to others.

Note 3: The Company has no circumstances that require interest capitalization.

(7) Lease transactions-lessee

A. The Company leases various assets including buildings 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
Buildings and structures	$ 53,123	$ 63,605
Machinery and equipment	1,096	2,192
	$ 54,219	$ 65,797

	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Buildings and structures	$ 22,656	$ 24,010
Machinery and equipment	1,096	1,096
	$ 23,752	$ 25,106

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $12,174 and $20,487, respectively.

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

	Years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 390	$ 569
Expense on short-term lease contracts	4,474	3,569
Profit from lease modification	-	758
Expense on variable lease payments	106	568

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $28,916 and $29,786, respectively.

(8) Leasing arrangements-lessor

A. The Company leases various assets including machinery and equipment 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 Company leases machinery and equipment 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:

	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Finance income from the net investment in the finance lease	$ 3,964	$ 6,956

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	$ 40,694	$ 86,449
Next 2 years	13,542	34,697
Next 3 years	9,995	7,720
Next 4 years	5,541	4,192
Next 5 years	1,041	1,275
	$ 70,813	$ 134,333

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	$ 70,813	$ 134,333
Unearned finance income	(3,642)	(4,920)
Net investment in the lease	$ 67,171	$ 129,413

E. For the years ended December 31, 2023 and 2022, the Company recognized rent income in the amounts of $131,431 and $170,054, 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	$ 92,158	$ 116,563
Next 2 years	43,325	62,552
Next 3 years	22,127	33,361
Next 4 years	9,187	18,024
Next 5 years	2,231	6,749
	$ 169,028	$ 237,249

(9) Investment property

	2023		
	Land	Buildings and structures	Total
At January 1			
Cost	$ 357,858	$ 101,888	$ 459,746
Accumulated depreciation	-	(14,686)	(14,686)
	$ 357,858	$ 87,202	$ 445,060
At January 1	$ 357,858	$ 87,202	$ 445,060
Depreciation charge	-	(2,850)	(2,850)
At December 31	$ 357,858	$ 84,352	$ 442,210
At December 31			
Cost	$ 357,858	$ 101,888	$ 459,746
Accumulated depreciation	-	(17,536)	(17,536)
	$ 357,858	$ 84,352	$ 442,210

	2022		
	Land	Buildings and structures	Total
At January 1	$ -	$ -	$ -
Reclassification	357,858	90,052	447,910
Depreciation charge	-	(2,850)	(2,850)
	$ 357,858	$ 87,202	$ 445,060
At December 31			
Cost	$ 357,858	$ 101,888	$ 459,746
Accumulated depreciation	-	(14,686)	(14,686)
	$ 357,858	$ 87,202	$ 445,060

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

	Years ended December 31,	
	2023	2022
Rental income from investment property	$ 10,800	$ 7,138
Direct operating expenses arising from the investment property that generated rental income during the year	$ 4,094	$ 4,100

B. The fair value of the investment property held by the Company as of December 31, 2023 and 2022 were $482,903 and $508,275, 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.

(10) Short-term loans

Type of loans	December 31, 2023	December 31, 2022
Bank loans		
Credit loans	$ 24,094,425	$ 27,985,235
Mid-term syndicated loans for working capital	25,038,600	19,811,100
Pledged loans	6,000,000	7,500,000
	$ 55,133,025	$ 55,296,335
Interest rates	0.49%~6.33%	0.55%~2.04%

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

A. The Company 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%~2.32% and 0.83%~2.24% respectively.

B. 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 full drawn amount 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.

C. 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.

D. 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.

E. 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 payment term is to repay the full drawn amount at the maturity date.

F. For the abovementioned syndicated loans and partial loans from other financial institutions during the contract periods, the Company is required to maintain specific current ratio, owner's capital ratio, net tangible assets ratio, interest coverage ratio and net value.

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

(11) Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Commercial paper payable	$ 122,683,400	$ 101,083,400
Less: Unamortized discount	(119,392)	(121,635)
	$ 122,564,008	$ 100,961,765
Interest rates	0.70%~2.05%	0.66%~1.84%

(12) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	$ 495,408	$ 451,204
Commission payable	-	277,600
Business tax payable	204,933	209,005
Interest payable	258,142	188,576
Employees' compensation payable	48,460	46,480
Receipts under custody	39,294	34,425
Others	561,752	740,645
	$ 1,607,989	$ 1,947,935

(13) Bonds 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.

(14) Pensions

Defined contribution pension plan

A. Effective July 1, 2005, the Company 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 Company 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 pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were $57,409 and $49,488, respectively.

(15) Share-based payments

A. For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were 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	2022
Equity-settled	$ 908	$ 10,150

(16) 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 Class A preference shares and shareholders’ meeting regarding to rights and obligations of shareholders of Class A 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 amounting to $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 capitalized 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.

(17) 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.

(18) 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 the Financial Supervisory Commission's letter Jin-Guan-Zheng-Fa-Zi No. 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 that the stock and cash dividends for the distribution of earnings for the years of 2022 and 2021 was as follows:

	Year ended December 31, 2022		Years 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	
Dividends on special shares A	58,685	$ 1.17	-	
Cash dividend on ordinary shares	1,802,501	3.50	2,163,002	$ 4.20
Stock dividend on ordinary shares	515,000	1.00	-	
	$ 2,605,086		$ 2,558,835	

F. On March 12, 2024, the Board of Directors resolved that the stock and cash dividends for 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	
Dividends on special shares A	210,000	$ 4.20
Dividends on special shares B	77,055	1.54
Cash dividend on ordinary shares	1,699,501	3.00
Stock dividend on ordinary shares	566,501	1.00
	$ 3,013,201	

(19) Operating revenue

	Years ended December 31, 2023	Years ended December 31, 2022
Revenue from contracts with customers	$ 1,906,773	$ 1,750,286
Other operating revenue		
Interest income	16,549,938	13,317,707
Revenue from operating leases	117,436	160,420
Revenue from finance leases	3,964	6,956
	$ 18,578,111	$ 15,235,369

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time:

	Years ended December 31, 2023	Years ended December 31, 2022
Timing of revenue recognition		
At a point in time	$ 1,719,869	$ 1,467,211
Over time	186,904	283,075
	$ 1,906,773	$ 1,750,286

(20) Operating costs

	Years ended December 31, 2023	Years ended December 31, 2022
Cost of sales	$ 2,559,997	$ 1,553,423
Interest costs	3,085,587	1,651,566
Rental sales	107,322	159,312
Service costs	399,688	456,553
Other costs	106	2,108
	$ 6,152,700	$ 3,822,962

(21) Interest income

	Years ended December 31, 2023	Years ended December 31, 2022
Interest from short-term notes	$ 1,557	$ 5,116
Interest from bank deposits	6,284	1,707
Others interest	93	80
	$ 7,934	$ 6,903

(22) Other income

	Years ended December 31,	
	2023	2022
Rental revenue	$ 13,995	$ 9,634
Other income - others	76,601	53,610
	$ 90,596	$ 63,244

(23) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	$ 1,773,111	$ 1,463,893
Depreciation charges on right-of-use assets	$ 23,752	$ 25,106
Depreciation charges on property, plant and equipment	$ 112,126	$ 168,865
Depreciation charges on investment property	$ 2,850	$ 2,850

(24) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	$ 1,500,576	$ 1,246,203
Labor and health insurance fees	109,351	92,955
Pension costs	57,409	49,488
Directors' remuneration	5,509	4,083
Other personnel expenses	100,266	71,164
	$ 1,773,111	$ 1,463,893

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 year ended December 31, 2023. The employees' remuneration resolved by the Board of Directors amounted to $48,460 and the employees' remuneration will be distributed in the form of cash.

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 and directors' and supervisors' 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.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2023	Years ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ 1,140,385	$ 946,417
Tax on undistributed surplus earnings	50,915	29,130
Prior year income tax under (over) estimation	2,000	(4,328)
Total current tax	1,193,300	971,219
Deferred tax:		
Origination and reversal of temporary differences	(85,604)	6,894
Total deferred tax	(85,604)	6,894
Income tax expense	$ 1,107,696	$ 978,113

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

	Years ended December 31, 2023	Years ended December 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	$ 959,502	$ 920,300
Effect from items adjusted based on other regulations	95,279	33,011
Tax on undistributed surplus earnings	50,915	29,130
Prior year income tax under (over) estimation	2,000	(4,328)
Income tax expense	$ 1,107,696	$ 978,113

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
Deferred tax assets:				
- Temporary differences:				
Allowance for doubtful accounts	$ 217,838	$ 121,703	$ -	$ 339,541
Unrealized provision of rental property losses	1,533	(487)	-	1,046
Difference in depreciation between financial and tax reporting purposes	17,499	(6,924)	-	10,575
Others	3,695	299	-	3,994
Subtotal	$ 240,565	$ 114,591	$ -	$ 355,156
- Deferred tax liabilities:				
Gains from overseas' investment	($ 316,573)	($ 28,987)	$ -	($ 345,560)
Others	(44,113)	-	36,279	(7,834)
Subtotal	($ 360,686)	($ 28,987)	$ 36,279	($ 353,394)
Total	($ 120,121)	$ 85,604	$ 36,279	$ 1,762

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Allowance for doubtful accounts	$ 135,632	$ 82,206	$ -	$ 217,838
Unrealized provision of rental property losses	2,380	(847)	-	1,533
Difference in depreciation between financial and tax reporting purposes	17,184	315	-	17,499
Others	16,061	753	(13,119)	3,695
Subtotal	$ 171,257	$ 82,427	($ 13,119)	$ 240,565
- 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	($ 55,995)	($ 6,894)	($ 57,232)	($ 120,121)

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

(26) Earnings per share

	Year ended December 31, 2023		
	Amount afte 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	-	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 afte tax	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	-	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

(27) Changes in liabilities from financing activities

	Short-term loans	Short-term notes and bills payable	Bonds payable	Guarantee deposits received	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2023	$ 55,296,335	$ 100,961,765	$ 22,200,000	$ 518,988	$ 66,986	$ -	$ 179,044,074
Changes in cash flow from financing activities	112,170	21,600,000	9,000,000	128,114	(23,946)	(1,861,186)	28,955,152
Others	(275,480)	2,243	-	-	12,174	1,861,186	1,600,123
At December 31, 2023	$ 55,133,025	$ 122,564,008	$ 31,200,000	$ 647,102	$ 55,214	$ -	$ 209,599,349

	Short-term loans	Short-term notes and bills payable	Bonds payable	Guarantee deposits received	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2022	$ 39,222,520	$ 96,914,188	$ 12,200,000	$ 349,152	$ 96,954	$ -	$ 148,782,814
Changes in cash flow from financing activities	16,026,599	4,083,400	10,000,000	169,836	(25,080)	(2,163,002)	28,091,753
Others	47,216	(35,823)	-	-	(4,888)	2,163,002	2,169,507
At December 31, 2022	$ 55,296,335	$ 100,961,765	$ 22,200,000	$ 518,988	$ 66,986	$ -	$ 179,044,074

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship.

Names of related parties	Relationship with the Company
Ho Tai Motor Co., Ltd.	The ultimate parent
Hoyun International Leasing Co., Ltd. (Hoyun International)	Subsidiary
Hoing Mobility Service Co., Ltd.	Subsidiary
He Jing Co., Ltd. (He Jing)	Subsidiary
He Jun Energy Co., Ltd.(He Jun Energy)	Subsidiary
Hejun Electricity Co., Ltd.	Subsidiary
Cheng Yo Technology Co., Ltd.	Subsidiary
Hon Yang Energy Co., Ltd.	Subsidiary
Wei Tien Energy Storage Co., Ltd.	Subsidiary
Hotai Leasing Co., Ltd. (Hoyun)	Other related parties
Taipei Toyota Motor Co., Ltd.	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.	Other related parties
Nan Du Motor Co., Ltd.	Other related parties
Kau Du Automobile Co., Ltd. (Kau Du)	Other related parties
Toyota Material Handling Taiwan Ltd.	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
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

Names of related parties	Relationship with the Company
Ho Tai Service & Marketing Co., Ltd.	Other related parties
Hotai Connected Co., Ltd. (Hotai Connected)	Other related parties
Ho Yu Investment Co., Ltd. (Ho Yu)	Other related parties
Hotai Innovation marketing Corporation	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
Ho Young Travel Agency CO., LTD.	Other related parties

(2) Significant related party transactions and balances

A. Revenue

(a) Compensation of installment sale price spread

	Years ended December 31,	
	2023	2022
- The ultimate parent	$ 87,798	$ 195,127
- Other related parties	213,735	256,492
	$ 301,533	$ 451,619

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

(b) Advisory revenue (shown as deduction to administrative expenses)

	Years ended December 31,	
	2023	2022
- Subsidiary		
Hoyun International	$ 33,741	$ 42,074
He Jing	10,873	7,357
He Jun Energy	6,893	3,448
Others	1,817	1,323
- Other related parties		
Hoyun	211	2,556
	$ 53,535	$ 56,758

(c) Fee income

	Years ended December 31,	
	2023	2022
- Other related parties	$ 2,211	$ 20,240

(d) Other income

	Years ended December 31,	
	2023	2022
- Subsidiary		
He Jing	$ 22,533	$ 11,180
Others	114	70
- Other related parties	-	387
	$ 22,647	$ 11,637

B. Expenses

(a) Rental expense

	Years ended December 31,	
	2023	2022
- The ultimate parent	$ 36	$ 106
- Subsidiary	1,230	250
- Other related parties		
Hoyun	11,181	9,742
Others	7	280
	$ 12,454	$ 10,378

The Company entered into rental contracts based on normal conditions with related parties and pays rent monthly based on the contracts.

(b) Commission expense

	Years ended December 31,	
	2023	2022
- The ultimate parent	$ 8,787	$ 25,583
- Other related parties	295,237	331,530
	$ 304,024	$ 357,113

(c) Advertisement expense

	Years ended December 31,	
	2023	2022
- The ultimate parent	$ 5	$ 1
- Subsidiary	3	1,000
- Other related parties		
Hotai Connected	17,163	16,539
	$ 17,171	$ 17,540

(d) Chattel security service charge

	Years ended December 31,	
	2023	2022
- Other related parties	$ 41,585	$ 41,670

(e) Others

	Years ended December 31,	
	2023	2022
- The ultimate parent	$ 4,705	$ 1,919
- Other related parties		
Kuotu	6,946,475	6,400,391
Kau Du	4,367,366	4,683,949
Tau Miau	4,008,822	3,706,139
Others	4,679,416	4,251,250
	$ 20,006,784	$ 19,043,648

As described in Note 4(27), 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 the 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	$ 17,199	$ 32,597
- Subsidiary	11	6
- Other related parties	40,601	36,716
	$ 57,811	$ 69,319

(b) Accounts payable

	December 31, 2023	December 31, 2022
- Other related parties		
Kuotu	$ 147,794	$ 90,248
Kau Du	40,980	37,730
Others	34,740	29,980
	$ 223,514	$ 157,958

(c) Other payables

	December 31, 2023	December 31, 2022
- The ultimate parent	$ 470	$ 521
- Subsidiary	139	72
- Other related parties	8,093	38,737
	$ 8,702	$ 39,330

D. Endorsements and guarantees

	December 31, 2023		December 31, 2022	
Subsidiary	NTD	2,000,000	NTD	12,500,000
	CNY	580,000	CNY	580,000
	USD	5,000	USD	5,000

E. Property transactions

(a) Acquisition of financial assets

	Item recognised	Shares traded	Transaction target	Year ended December 31, 2023 Consideration	
- Subsidiary					
He Jing	Investment accounted using the equity method	162,000,000	Shares	$	1,620,000

(b) Disposal of property, plant and equipment

	Years ended December 31,			
	2023		2022	
- Subsidiary	$	-	$	95,006

(c) Disposal of other assets

	Years ended December 31,			
	2023		2022	
- Subsidiary	$	-	$	42,996

F. Lease transactions-lessee

(a) The Company 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 assets

	Years ended December 31,			
	2023		2022	
- The ultimate parent	$	11,674	$	-

(c) Lease liabilities

	Years ended December 31,			
	2023		2022	
- The ultimate parent	$	11,674	$	3,798
- Other related parties				
Ho Yu		14,838		17,956
	$	26,512	$	21,754

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Wages, salaries and others short-term employee benefits	$ 77,661	$ 65,284
Post-employment benefits	576	544
	$ 78,237	$ 65,828

8. PLEDGED ASSETS

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

Items	December 31, 2023	December 31, 2022	Purpose
Pledged assets (Note)			
- Pledged time deposits	$ 1,200	$ 1,000	Guarantee deposit for credit line on gasoline purchases
- Pledged savings account	105,000	150,000	Pledged to banks as collateral for short-term borrowings and commercial paper payable
	$ 106,200	$ 151,000	
Notes and accounts receivable, net			
- Notes receivable from installment sales	$ 3,966,436	$ 3,876,759	Pledged to banks as collateral for short-term borrowings and commercial paper payable
- Notes receivable from leases	50,288	66,561	"
	$ 4,016,724	$ 3,943,320	

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Please refer to Note 6(8) for the operating leases agreement.

(2) As of December 31, 2023, the Company had entered into contracts for the purchase of the real estate but not yet acquired amounting to $784,030.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Please refer to Note 6(18) for the appropriation of 2023 earnings.

(2) On March 12, 2024, the Board of Directors 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 Company's objectives when managing capital are to safeguard the Company'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 other comprehensive income		
Designation of equity instrument	$ 3,919	$ 3,519
Financial assets at amortized cost		
Cash and cash equivalents	$ 289,213	$ 969,999
Notes receivable	7,805,226	7,120,910
Accounts receivable	218,201,023	186,862,870
Other receivables	21,575	8,823
Guarantee deposits paid	72,645	36,779
Long-term notes and accounts receivable	10,791,641	7,271,134
Other financial assets	106,200	151,000
	$ 237,287,523	$ 202,421,515
Hedging financial assets	$ 371,651	$ 341,901
Financial liabilities		
Financial liabilities at amortized cost		
Short-term loans	$ 55,133,025	$ 55,296,335
Short-term notes and bills payable	122,564,008	100,961,765
Notes payable	6,542	16,406
Accounts payable (including related parties)	285,215	284,634
Other payables	1,607,989	1,947,935
Bonds payable	31,200,000	22,200,000
Guarantee deposits received	647,102	518,988
Financial guarantee liabilities	27,486	39,598
	$ 211,471,367	$ 181,265,661
Lease liabilities	$ 55,214	$ 66,986
Hedging financial liabilities	$ 1,073,425	$ 586,800

B. Financial risk management policies

(a) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Company, 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 dedicated department of companies with the Company under policies approved by the Board of Directors. Finance department identifies, evaluate and hedge financial risks in close cooperation with the Company'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. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. The Company is required to hedge their entire foreign exchange risk exposure with the Company treasury.

ii. The Company 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(2).

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

Cash flow and fair value Interest rate risk

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

ii. The Company using 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 Company estimates there would be no material market risk.

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

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 Company is engaged in, profit after tax ended December 31, 2023 and 2022 would have increased/decreased by \$461,250 and \$319,000, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. The Company has lower significant concentrations of agreements with single clients and the Company 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 Company's receivables have proper collaterals. Therefore, credit risk of receivables is low. The maximum loss to the Company is the total book value of receivables.

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

iii. The Company provides guarantee for bank financing to Hoyun International Leasing Co., Ltd., Hoyun (Shanghai) Commercial Factoring Co., Ltd., He Jun Energy Co., Ltd. and He Jing Co., Ltd., the subsidiaries of the Company, in accordance with the" Proceures Governing Endorsements and Guarantees". Since the Company 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 Company is the total amount of loan guarantees.

iv. The Company entered into contracts with banks to introduce customers to avail of car mortgage loan with the banks. According to the contract signed by the Company and the banks, if any customer car loans payment is delayed, the Company is required to reimburse the unpaid balance. Upon such payment, the Company 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 Company from the customers were $26,667 and $71,213, respectively. The Company 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-current'.

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

vi. The Company adopts 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, there has been a significant increase in credit risk on that instrument since initial recognition.

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

(i) It becomes probable that the issuer 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;

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

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

ix. 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	$272,878,782	$ -	$ -	$ 7,782	$272,886,564
Past due or case assessment	-	1,157,438	1,876,099	-	3,033,537
	$272,878,782	$ 1,157,438	$ 1,876,099	$ 7,782	$275,920,101

		Lifetime			
	12 months	Significant increase in credit risk	Impairment of credit	Simplified approach	Total
December 31, 2022					
Neither past due nor impaired	$230,079,369	$ -	$ -	$ 9,284	$230,088,653
Past due or case assessment	-	588,338	993,316	-	1,581,654
	$230,079,369	$ 588,338	$ 993,316	$ 9,284	$231,670,307

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

	Year ended December 31, 2023				
		Lifetime			
	12 months	Significant increase in credit risk	Impairment of credit	Simplified approach	Total
At January 1					
Transfer and measurement stages	$ 2,044,114	$ 234,486	$ 814,519	$ -	$ 3,093,119
Provision for impairment	(39,303)	(90,878)	130,181	-	-
Write-offs	560,367	282,965	2,974,823	-	3,818,155
At December 31	-	-	(2,832,189)	-	(2,832,189)
	$ 2,565,178	$ 426,573	$ 1,087,334	$ -	$ 4,079,085

	Year ended December 31, 2022				
		Lifetime			
	12 months	Significant increase in credit risk	Impairment of credit	Simplified approach	Total
At January 1					
Transfer and measurement stages	$ 1,632,484	$ 166,633	$ 503,695	$ -	$ 2,302,812
Provision for impairment	(14,615)	(56,014)	70,629	-	-
Write-offs	426,245	123,867	1,739,383	-	2,289,495
At December 31	-	-	(1,499,188)	-	(1,499,188)
	$ 2,044,114	$ 234,486	$ 814,519	$ -	$ 3,093,119

For the years ended December 31, 2023 and 2022, gain on reversal of bad debts amounted to $960,076 and $806,979, respectively, and recognized in deduction on expected credit impairment loss.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating segments and aggregated by the finance department of the Company. Finance department monitors rolling forecasts of the Company'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.

ii. The table below analyses the Company'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	$ 38,331,914	$ 11,610,945	$ 6,044,091
Short-term notes and bills payable	99,147,995	16,260,987	8,260,337
Notes payable	6,542	-	-
Accounts payable (including related parties)	285,215	-	-
Other payables	1,607,989	-	-
Lease liabilities	21,923	17,504	16,475
Bonds payable	343,500	22,211,960	9,347,534
Derivative financial liabilities:			
Cross-currency swap	1,024,637	48,788	-

December 31, 2022	Within 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	$ 35,822,717	$ 9,701,242	$ 10,650,051
Short-term notes and bills payable	77,553,817	11,228,520	13,088,357
Notes payable	16,406	-	-
Accounts payable (including related parties)	284,634	-	-
Other payables	1,947,935	-	-
Lease liabilities	24,177	17,771	25,850
Bonds payable	209,000	209,000	22,303,427
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.

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 Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company'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, short-term notes and bills payable, other payables and bonds payable 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	$ -	$ 371,651	$ -	$ 371,651
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	3,919	3,919
	$ -	$ 371,651	$ 3,919	$ 375,570
Liabilities				
Recurring fair value measurements				
Hedging financial liabilities	$ -	$1,073,425	$ -	$1,073,425

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Hedging financial assets	$ -	$ 341,901	$ -	$ 341,901
Financial assets at fair value through other comprehensive income				
- Equity securities	-	-	3,519	3,519
	$ -	$ 341,901	$ 3,519	$ 345,420
Liabilities				
Recurring fair value measurements				
Hedging financial liabilities	$ -	$ 586,800	$ -	$ 586,800

(b) The methods and assumptions the Company 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 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 Company 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 Company 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 Company’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 finance 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					
Unlisted shares	$ 3,919	Net worth method	Net asset value	-	The higher the net asset value, 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					
Unlisted shares	$ 3,519	Net worth method	Net asset value	-	The higher the net asset value, the higher the fair value

G. The Company 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 Company's current assets and liabilities receivable or payable 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	$ 289,213	$ 289,213	$ -
Hedging financial assets - current	371,651	371,651	-
Accounts and notes receivable, net	226,006,249	74,194,994	151,811,255
Other receivables	21,575	21,575	-
Inventories	3,346	3,346	-
Prepayments	2,649,120	1,251,464	1,397,656
Other current financial assets	105,600	105,600	-
Liabilities			
Short-term loans	$ 55,133,025	$ 37,725,305	$ 17,407,720
Short-term notes and bills payable	122,564,008	98,537,482	24,026,526
Hedging financial liabilities - current	1,073,425	1,024,637	48,788
Accounts and notes payable (including related parties)	291,757	291,757	-
Other payables	1,607,989	1,607,989	-
Current income tax liabilities	716,043	716,043	-
Lease liabilities-current	21,545	21,545	-
Financial guarantee liabilities-current	27,486	27,486	-
Bonds payable	31,200,000	-	31,200,000
Guarantee deposits received-current	643,331	278,878	364,453

December 31, 2022	Book value	Within 12 months	Over 12 months
Assets			
Cash and cash equivalents	$ 969,999	$ 969,999	$ -
Hedging financial assets - current	341,901	182,211	159,690
Accounts and notes receivable, net	193,983,780	64,479,213	129,504,567
Other receivables	8,823	8,823	-
Inventories	4,181	4,181	-
Prepayments	2,898,499	1,389,281	1,509,218
Other current financial assets	150,400	150,400	-
Liabilities			
Short-term loans	$ 55,296,335	$ 35,329,860	$ 19,966,475
Short-term notes and bills payable	100,961,765	77,033,777	23,927,988
Hedging financial liabilities - current	586,800	174,433	412,367
Accounts and notes payable (including related parties)	301,040	301,040	-
Other payables	1,947,935	1,947,935	-
Current income tax liabilities	602,572	602,572	-
Lease liabilities-current	23,791	23,791	-
Financial guarantee liabilities-current	39,598	39,598	-
Bonds payable	22,200,000	-	22,200,000
Guarantee deposits received-current	515,285	221,484	293,801

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)
		EUR 75,000	2024/9/12	256,676	256,676
		USD 30,000	2024//9/6	(30,647)	(30,647)

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

Not applicable.

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 Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
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)

		Party being endorsed/guaranteed												
Number (Note 1)	Endorser/ guarantor	Company name	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)

Number (Note 1)	Company name	Counterparty	Relationship	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: 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)

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	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

HOTAI FINANCE CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount	
Cash on hand		$	1,901
Checking accounts			252
Demand deposits			287,060
		$	289,213

HOTAI FINANCE CO., LTD.
STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Client	Description	Amount	Footnotes
Others	Installment notes receivable	$ 7,792,920	Note
Others	Lease notes receivable	51,486	"
Others	Installment account receivable	268,048,587	"
Others	Lease accounts receivable	27,108	"
		275,920,101	
	Unrealized interest revenue	(35,039,484)	
	Unearned finance income	(3,642)	
	Allowance for bad debts	(4,079,085)	
		$ 236,797,890	

Note: None of the balance of each remaining client is greater than 5% of this account balance.

HOTAI FINANCE CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

	Beginning as of January 1, 2023		Addition		Deductions		Balance as of December 31, 2023			Market Value or Net Assets Value			
Name	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Ownership (%)	Amount	Unit Price	Total Amount	Guaranteed or pledged as collaterals	Footnote
Hoyun International Limited	40,400,000	$2,763,900	-	$ 376,930	-	($ 302,434)	40,400,000	50.50%	$2,838,396	70.26	$2,838,396	No	
Hoing Mobility Service Corporation	31,000,000	342,634	2,401,880	26,773	-	-	33,401,880	50.82%	369,407	11.06	369,407	"	
Hotai Mobility Service Co., Ltd.	12,000,000	91,148	-	-	-	(11,997)	12,000,000	27.40%	79,151	6.60	79,151	"	
He Jing Co., Ltd.	81,000,000	751,075	162,000,000	1,696,815	-	-	243,000,000	81.00%	2,447,890	10.07	2,447,890	"	
He Jun Energy Co., Ltd.	80,000,000	776,980	-	-	-	(44,345)	80,000,000	80.00%	732,635	9.16	732,635	"	
Ly Hour Leasing PLC	-	-	5,600,000	547,724	-	-	5,600,000	35.00%	547,724	97.81	547,724	"	
Total		$4,725,737		$2,648,242		($ 358,776)			$7,015,203				

HOTAI FINANCE CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Item	Balance as of January 1,2023	Additions	Deductions	Reclassification	Balance as of December 31, 2023	Guaranteed or collateral	Footnote
Cost							
Land	$ 821,223	$ 240,240	$ -	$ -	$ 1,061,463	No	
Buildings	213,666	26,954	-	-	240,620	"	
Office equipment	35,968	-	(8,489)	-	27,479	"	
Rental assets	438,116	62,495	-	(198,859)	301,752	"	
Leasehold improvements	15,578	-	-	-	15,578	"	
	$ 1,524,551	$ 329,689	($ 8,489)	($ 198,859)	$ 1,646,892		
Accumulated Depreciation							
Buildings	($ 15,910)	($ 4,926)	$ -	$ -	($ 20,836)	"	
Office equipment	(33,969)	(951)	8,392	-	(26,528)	"	
Rental assets	(262,657)	(104,510)	2,437	189,822	(174,908)	"	
Leasehold improvements	(13,680)	(1,739)	-	-	(15,419)	"	
	($ 326,216)	($ 112,126)	$ 10,829	$ 189,822	($ 237,691)		
Book value	$ 1,198,335				$ 1,409,201		

Description: Listed according to land, buildings, machinery and other categories.

HOTAI FINANCE CO., LTD.
STATEMENT OF CHANGES IN INVESTMENT PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Item	Balance as of January 1,2023	Additions	Deductions	Reclassifications	Balance as of December 31, 2023	Guaranteed or collateral	Footnote
Cost							
Land	$ 357,858	$ -	$ -	$ -	$ 357,858	No	
Buildings	101,888	-	-	-	101,888	"	
	$ 459,746	$ -	$ -	$ -	$ 459,746		
Accumulated Depreciation							
Buildings	($ 14,686)	($ 2,850)	$ -	$ -	($ 17,536)	"	
Book value	$ 445,060				$ 442,210		

Description: Listed according to land and buildings.

HOTAI FINANCE CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Type of borrowings	Description	Balance as of December 31, 2023	Contract Period	Pledges or collerater
Secured borrowings	First Commercial Bank	$ 3,500,000	2023/10/13~2024/1/11	Yes
"	Mega International Commercial Bank	2,500,000	2022/5/3~2025/5/2	"
Unsecured borrowings	Yuanta Commercial Bank Co., Ltd.	2,000,000	2023/10/31~2024/1/24	No
"	China Construction Bank	1,000,000	2023/9/20~2024/3/20	"
"	Bank of Taiwan	6,725,000	2023/8/4~2026/2/24	"
"	MUFG Bank, Ltd.	3,874,000	2023/5/2~2025/5/2	"
"	Mizuho Bank, Ltd.	12,887,500	2021/9/30~2024/12/6	"
"	E.SUN Commercial Bank, Ltd.	3,759,070	2023/9/7~2024/9/6	"
"	Cathay United Bank	600,000	2023/10/13~2024/1/12	"
"	DBS Bank Ltd.	5,471,800	2022/9/12~2024/11/5	"
"	Taishin International Bank	500,000	2023/12/25~2024/1/25	"
"	CTBC Bank Co., Ltd.	12,056,600	2022/8/30~2025/6/27	"
"	Far Eastern International Bank Co., Ltd.	1,000,000	2022/8/24~2025/8/22	"
	Valuation adjustment	(740,945)		
		$ 55,133,025		

Note: Before the cross-currency swap, the rate range of short-term loans were 0.49%~6.33% and 0.83%~2.32% respectively.

HOTAI FINANCE CO., LTD.
STATEMENT OF SHORT-TERM BILLS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Descrption	Amont	Period
Guarantee commercial papers		
Sumitomo Mitsui Banking Corporation	$ 10,000,000	2023/2/24~2025/1/3
Mizuho Bank, Ltd.	10,000,000	2023/10/5~2024/1/25
Crédit Agricole Corporate and Investment Bank	1,500,000	2023/2/9~2024/2/9
Metropolitan Bank	1,400,000	2023/12/25~2024/1/24
CTBC Bank Co., Ltd.	7,943,400	2022/6/29~2025/6/27
International Bills Finance Corporation	300,000	2023/12/28~2024/1/15
Taiwan Finance Coproration	150,000	2023/12/27~2024/1/16
MEGA Bills Finance Co., Ltd.	300,000	2023/12/27~2024/1/16
Non-guarantee commercial papers	91,090,000	2021/1/12/~2028/12/18
Less: Unamortized discount	(119,392)	
	$ 122,564,008	

Notes: Interest rate between 0.70% and 2.05%.

HOTAI FINANCE CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Descrption	Amount	Footnote
Interest revenue		$ 16,549,938	
Service revenue		1,232,040	
Sales revenue		674,733	
Finance leasing revenue		3,964	
Operating leasing revenue		117,436	
		$ 18,578,111	

HOTAI FINANCE CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Descrption	Amount	Footnote
Cost of sales		$ 2,559,997	
Interest costs		3,085,587	
Rental costs		107,322	
Service costs		399,688	
Other costs		106	
		$ 6,152,700	

HOTAI FINANCE CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Description	Amount	Note
Commission expenses		$ 2,953,689	
Wages and salaries		886,068	
Other expenses		248,244	None of the balances of each remaining item is greater than 5% of this account balance.
		$ 4,088,001	

HOTAI FINANCE CO., LTD.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Item	Description	Amount	Note
Wages and salaries		$ 614,508	
Court fees		181,218	
Other expenses		414,092	None of the balances of each remaining item is greater than 5% of this account balance.
		$ 1,209,818	

HOTAI FINANCE CO., LTD.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Function / Nature	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ -	$ 1,500,576	$ 1,500,576	$ -	$ 1,246,203	$ 1,246,203
Labour and health insurance fees	-	109,351	109,351	-	92,955	92,955
Pension costs	-	57,409	57,409	-	49,488	49,488
Directors' remuneration	-	5,509	5,509	-	4,083	4,083
Other personnel expenses	-	100,266	100,266	-	71,164	71,164
Depreciation	$ 104,511	$ 34,217	$ 138,728	$ 160,546	$ 36,275	$ 196,821

Note:

A. As of December 31, 2023 and 2022, the number of employees was 1,137 and 1,027, respectively, including 9 and 9 non-employee directors, respectively.

B. Average employee benefit expense in current year was $1,567 ((Total employee benefit expense in current year–Total directors' compensation in current year)/(Number of employees in current year–Number of non-employee directors in current year)).

Average employee benefit expense in previous year was $1,434 ((Total employee benefit expense in previous year–Total directors' compensation in previous year)/(Number of employees in previous year – Number of non-employee directors in previous year)).

C. Average employee salaries in current year was $1,330 (Total employee salaries in current year / (Number of employees in current year–Number of non-employee directors in current year)).

Average employee salaries in previous year was $1,224 (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).

D. Adjustments of average employee salaries was 8.66% ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).

HOTAI FINANCE CO., LTD.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

E. The Company's Salary and Compensation Policy (including directors, managers and employees) is as follows:

(a) Directors

According to the Articles of Incorporation of the Company, directors' remuneration is determined by reference to the general pay levels of the industry and in accordance with the degree of business that they conducted, risk that they bear and their contribution and is submitted to the Board of Directors for resolution after being reviewed by the remuneration committee.

(b) Managers

Managers' remuneration is determined based on personal performance and contribution to the Company's overall operation, referring to the general pay levels of the industry and considering future operating risk and is submitted to the Board of Directors for resolution after being reviewed by the remuneration committee.

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. The abovementioned remuneration is distributed as resolved by the Board of Directors.

(c) Employees

Employees' salary is determined in accordance with education and experience background, professional knowledge and technique, seniority and personal performance of the employees. Bonus is distributed in line with the performance appraisal policy and operating performance.

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. The abovementioned remuneration is distributed as resolved by the Board of Directors.