AEON MOTOR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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

AEON MOTOR CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. As a result, Aeon Motor Co., Ltd. and subsidiaries are not required to prepare consolidated financial statements of affiliates.

Hereby declare,

AEON MOTOR CO., LTD.

March 13, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Aeon Motor Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Aeon Motor Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group’s 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s 2023 consolidated financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(13) for accounting policy on inventory valuation, Note 5 for the uncertainty of accounting estimations and assumptions in relation to inventory valuation, and Note 6(4) for details of allowance for inventory valuation losses. As of December 31, 2023, the Group’s inventory and allowance for inventory valuation losses amounted to NT$450,171 thousand and NT$30,585 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of all-terrain vehicle, motorcycles and electric vehicles. As the inventories are affected by customers and market demand, technology innovation and other factors, there is a risk of inventories losing value or becoming obsolete or slow-moving. Taking into consideration the latest price or the replacement cost when estimating net realisable value of inventory, the management measured inventory at the lower of cost and net realisable value. For inventory that was over certain age and individually identified as obsolete or damaged inventory, the net realisable value is determined based on historical data of inventory clearance degree, and the Group accrued related losses.

As the assessment of inventories which were individually identified as obsolete or slow-moving involves subjective judgement and estimation uncertainty, and the inventory and allowance for inventory valuation loss are material to the financial statements, we considered the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Assessed the consistency and the reasonableness of policies and procedures by comparing with the report information which was adopted in the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry.
B. Obtained an understanding on the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
C. Verified the accuracy of attribution of inventory age, recalculated and assessed the reasonableness of allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of AEON MOTOR CO., LTD. as at and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Phoebe Lin

Independent Accountants

Yeh Fang-Ting

PricewaterhouseCoopers, Taiwan
Republic of China
March 13, 2024

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

AEON MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(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)	$ 738,146	26	$ 940,261	30
1136	Financial assets at amortized cost - current	6(1)(2)	921	-	922	-
1150	Notes receivable, net	6(3)	4,565	-	12,216	1
1170	Accounts receivable, net	6(3) and 7	139,481	5	143,007	5
1200	Other receivables		3,667	-	5,264	-
1220	Current income tax assets	6(23)	82	-	94	-
130X	Inventories	5 and 6(4)	419,586	15	503,155	16
1410	Prepayments	6(7)	84,710	3	73,396	2
11XX	**Total current assets**		1,391,158	49	1,678,315	54
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(5)(11)	150	-	150	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	89,844	3	73,665	2
1600	Property, plant and equipment	6(7) and 7	1,230,635	44	1,289,521	42
1755	Right-of-use assets	6(8)	591	-	2,997	-
1840	Deferred income tax assets	6(23)	36,695	1	23,928	1
1915	Prepayments for equipment	6(7)	58,611	2	24,248	1
1920	Guarantee deposits paid		9,322	1	10,522	-
1990	Other non-current assets		4,380	-	2,518	-
15XX	**Total non-current assets**		1,430,228	51	1,427,549	46
1XXX	**Total assets**		$ 2,821,386	100	$ 3,105,864	100

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AEON MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2130	Contract liabilities - current	6(17)	$ 83,510	3	$ 59,303	2
2170	Accounts payable		340,045	12	463,101	15
2180	Accounts payable - related parties	7	18,359	-	25,011	1
2200	Other payables	6(9) and 7	84,832	3	121,277	4
2230	Current income tax liabilities	6(23)	18,217	1	34,842	1
2250	Provisions for liabilities - current	6(10)	7,675	-	48,023	1
2280	Lease liabilities - current	6(8)	617	-	2,476	-
21XX	**Total current liabilities**		553,255	19	754,033	24
	Non-current liabilities					
2530	Bonds payable	6(11)	288,103	10	281,975	9
2550	Provisions for liabilities - non-current	6(10)	29,344	1	-	-
2570	Deferred income tax liabilities	6(23)	-	-	1,631	-
2580	Lease liabilities - non-current	6(8)	-	-	617	-
2640	Net defined benefit liabilities - non-current	6(12)	36,740	2	34,095	1
2645	Guarantee deposits received		4,664	-	16,173	1
25XX	**Total non-current liabilities**		358,851	13	334,491	11
2XXX	**Total liabilities**		912,106	32	1,088,524	35
	Equity					
	Share capital	6(13)				
3110	Common stock		745,287	27	745,287	24
3200	Capital surplus	6(11)(14)	418,166	15	418,166	14
	Retained earnings	6(6)(15)				
3310	Legal reserve		287,017	10	259,403	8
3320	Special reserve		33,877	1	12,752	-
3350	Unappropriated retained earnings		514,478	18	678,989	22
3400	Other equity interest	6(6)(16)	(26,165)	(1)	(33,877)	(1)
3500	Treasury stocks	6(13)	(63,380)	(2)	(63,380)	(2)
3XXX	**Total equity**		1,909,280	68	2,017,340	65
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 2,821,386	100	$ 3,105,864	100

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

AEON MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amount)

	Items	Notes	Year ended December 31 2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(17) and 7	$ 2,144,084	100	$ 3,379,807	100
5000	Operating costs	6(4)(8)(12)(21)(22) and 7	(1,729,026)	(81)	(2,615,824)	(77)
5900	Net operating margin		415,058	19	763,983	23
	Operating expenses	6(8)(12)(21)(22) and 7				
6100	Selling expenses		(263,518)	(12)	(262,766)	(8)
6200	General and administrative expenses		(98,210)	(5)	(98,929)	(3)
6300	Research and development expenses		(140,077)	(6)	(128,301)	(4)
6000	Total operating expenses		(501,805)	(23)	(489,996)	(15)
6900	Operating (loss) profit		(86,747)	(4)	273,987	8
	Non-operating income and expenses					
7100	Interest income	6(2)(18)	7,138	-	3,185	-
7020	Other gains and losses	6(8)(19) and 12	84,038	4	76,550	2
7050	Finance costs	6(8)(20)	(6,171)	-	(854)	-
7000	Total non-operating income and expenses		85,005	4	78,881	2
7900	**(Loss) profit before income tax**		(1,742)	-	352,868	10
7950	Income tax expense	6(23)	(2,788)	-	(78,005)	(2)
8200	**(Loss) profit for the year**		($ 4,530)	-	$ 274,863	8
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial (losses) gains on defined benefit plans	6(12)	($ 2,123)	-	$ 1,597	-
8316	Unrealized gain or loss on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(6)(16)	16,179	1	(36,446)	(1)
8349	Income tax related to components of other comprehensive losses that will not be reclassified to profit or loss	6(23)	424	-	(319)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(16)	(10,584)	(1)	19,151	1
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(16)(23)	2,117	-	(3,830)	-
8300	**Total other comprehensive income (loss) for the year**		$ 6,013	-	($ 19,847)	-
8500	**Total comprehensive income for the year**		$ 1,483	-	$ 255,016	8
	(Loss) earnings per share (in dollars)	6(24)				
9750	Basic		($ 0.06)		$ 3.76	
9850	Diluted		($ 0.06)		$ 3.76	

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

AEON MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
			Capital Reserves		Retained Earnings			Other Equity Interest			
	Notes	Share capital - common stock	Additional paid-in capital	Stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total equity
For the year ended December 31, 2022											
Balance at January 1, 2022		$ 745,287	$ 395,471	$ -	$ 224,294	$ 24,429	$ 645,366	($ 12,752)	$ -	($ 63,380)	$ 1,958,715
Profit for the year		-	-	-	-	-	274,863	-	-	-	274,863
Other comprehensive income (loss)	6(6)(16)	-	-	-	-	-	1,278	15,321	(36,446)	-	(19,847)
Total comprehensive income (loss)		-	-	-	-	-	276,141	15,321	(36,446)	-	255,016
Distribution of 2021 net income:											
Legal reserve		-	-	-	35,109	-	(35,109)	-	-	-	-
Special reserve		-	-	-	-	(11,677)	11,677	-	-	-	-
Cash dividends	6(15)	-	-	-	-	-	(219,086)	-	-	-	(219,086)
Conversion options of convertible bonds		-	-	22,695	-	-	-	-	-	-	22,695
Balance at December 31, 2022		$ 745,287	$ 395,471	$ 22,695	$ 259,403	$ 12,752	$ 678,989	$ 2,569	($ 36,446)	($ 63,380)	$ 2,017,340
For the year ended December 31, 2023											
Balance at January 1, 2023		$ 745,287	$ 395,471	$ 22,695	$ 259,403	$ 12,752	$ 678,989	$ 2,569	($ 36,446)	($ 63,380)	$ 2,017,340
Loss for the year		-	-	-	-	-	(4,530)	-	-	-	(4,530)
Other comprehensive income (loss)	6(6)(16)	-	-	-	-	-	(1,699)	(8,467)	16,179	-	6,013
Total comprehensive income (loss)		-	-	-	-	-	(6,229)	(8,467)	16,179	-	1,483
Distribution of 2022 net income:											
Legal reserve		-	-	-	27,614	-	(27,614)	-	-	-	-
Special reserve		-	-	-	-	21,125	(21,125)	-	-	-	-
Cash dividends	6(15)	-	-	-	-	-	(109,543)	-	-	-	(109,543)
Balance at December 31, 2023		$ 745,287	$ 395,471	$ 22,695	$ 287,017	$ 33,877	$ 514,478	($ 5,898)	($ 20,267)	($ 63,380)	$ 1,909,280

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

AEON MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 1,742)	$ 352,868
Adjustments			
Adjustments to reconcile profit (loss)			
Exchange loss		-	1,321
Provision for inventory market price decline	6(4)	5,927	768
Depreciation on property, plant and equipment	6(7)(8)(21)	124,932	142,688
Loss (gain) on disposal of property, plant and equipment	6(19)	1,738	(10,645)
Amortization	6(21)	-	477
Provisions recognised	6(10)	8,556	13,413
Gain from lease modification	6(8)(19)	-	(31)
Interest income	6(18)	(7,138)	(3,185)
Interest expense	6(20)	6,171	854
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		7,651	(9,429)
Accounts receivable		3,526	64,773
Other receivables		1,279	(2,709)
Inventories		77,642	(54,145)
Prepayments		(11,330)	2,782
Changes in operating liabilities			
Contract liabilities - current		24,207	5,408
Accounts payable		(123,056)	(250,481)
Accounts payable - related parties		(6,652)	(15,549)
Other payables		(31,508)	(28,921)
Provisions for liabilities - current	6(10)	(19,560)	(4,472)
Net defined benefit liabilities - non-current		522	414
Cash inflow generated from operations		61,165	206,199
Interest received		7,456	4,436
Income tax received		12	-
Income tax paid		(31,270)	(105,468)
Net cash flows from operating activities		37,363	105,167

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AEON MOTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost - current		$ -	($ 64)
Disposal of financial assets at amortized cost - current		1	-
Acquisition of financial assets at fair value through other comprehensive income - non-current		-	(84,711)
Cash paid for acquisition of property, plant and equipment	6(25)	(68,758)	(242,494)
Proceeds from disposal of property, plant and equipment		1,654	32,069
Increase in prepayment for equipment		(50,661)	(27,002)
Decrease in guarantee deposits paid		1,200	2,213
Cash paid for acquisition of deferred mold fees	6(25)	-	(2,623)
(Increase) decrease in other non-current assets		(54)	3,505
Net cash flows used in investing activities		(116,618)	(319,107)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease principal	6(26)	(2,519)	(4,173)
Issuance of convertible bonds	6(26)	-	303,790
(Decrease) increase in guarantee deposit received	6(26)	(11,509)	58
Payment of cash dividends	6(15)	(109,543)	(219,086)
Net cash flows (used in) from financing activities		(123,571)	80,589
Effect of foreign exchange rate changes on cash and cash equivalents		711	(11,889)
Net decrease in cash and cash equivalents		(202,115)	(145,240)
Cash and cash equivalents at beginning of year	6(1)	940,261	1,085,501
Cash and cash equivalents at end of year	6(1)	$ 738,146	$ 940,261

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

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

1. HISTORY AND ORGANISATION

(1) AEON MOTOR 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.) on December 25, 2003. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in motorcycle and parts manufacturing, export manufacturing, motorcycle equipment manufacturing, motorcycle wholesale, and vehicles and parts wholesale of other transportation (All terrain vehicle).

(2) The common shares of the Company have been listed on the Taipei Exchange since December 25, 2012.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 13, 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 the FSC and became effective from 2023 are as follows:

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

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

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

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Description
AEON MOTOR CO., LTD.	Ming Cheng Motor Co., Ltd.	Wholesale of motor vehicles, motorcycle and relevant parts	100.00	100.00	-
	Hua Cheng Motor Co., Ltd.	Wholesale of motor vehicles, motorcycle and relevant parts	100.00	100.00	-
	Asia Energy Ltd.	Investment business	100.00	100.00	-
	AEON MOTOR VIETNAM COMPANY LIMITED	Wholesale of motor vehicles, motorcycle and relevant parts	100.00	100.00	-
	Aeon Future Motor Co., Ltd.	Wholesale of motor vehicles, motorcycle and relevant parts	100.00	100.00	-
Asia Energy Ltd.	Aeon Technology Co., Ltd. (Foshan)	Wholesale of motor vehicles, motorcycle and relevant parts	100.00	100.00	-

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(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 recognised 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 recognised 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 recognised 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 based on the nature of those transactions are presented in the statement of comprehensive income within 'Other gains and losses'.

B. Translation of foreign operations

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) <u>Classification of current and non-current items</u>

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 realised, 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 realised within twelve months from the balance sheet date;

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Notes and bonds issued under repurchase agreement that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) 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 Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

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

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

The changes in fair value of equity investments that were recognised 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 recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises 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. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. 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:

Asset	Estimated useful lives
Buildings and structures (including ancillary equipment)	2 ~ 50 years
Machinery and equipment	2 ~ 19 years
Transportation equipment	3 ~ 11 years
Office equipment	2 ~ 7 years
Leasehold improvements	1 ~ 3 years
Other facilities	2 ~ 15 years

(15) Leasing arrangements－lessee

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 the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group 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 following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

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 recognise the difference between remeasured lease liability in profit or loss.

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised 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 amortised historical cost would have been if the impairment had not been recognised.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services 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) Provisions

Provisions (including warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(19) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bond holders have the right to convert the bonds into the Group' s common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. Master indenture of corporate bonds: The difference between the fair value of the bonds and the redemption value is recognised as a premium or discount on the bonds payable at the time of initial recognition; subsequently, the effective interest method is used to recognise the difference in profit or loss over the liquidity period as an adjustment to "finance costs" under the amortization procedure. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and for as the premium or discount on bonds payable and period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(20) 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 recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

I. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

II. Remeasurement arising on defined benefit plan is recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

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

(21) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate 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 of the company and domestic subsidiary and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income 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 income 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 Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income 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 income tax asset is realised or the deferred income tax liability is settled.

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Share capital

Ordinary shares 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.

(23) Dividends

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

(24) Revenue recognition

Sales of goods

(a). Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated output tax. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 30 to 90 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(c) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates 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:

Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the customer and market demand and technological changes, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2023, the carrying amount of inventories was $419,586.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand	$ 973	$ 1,232
Checking accounts and demand deposits	451,970	541,613
	452,943	542,845
Cash equivalents:		
Notes issued under repurchase agreement	225,148	135,048
Bonds issued under repurchase agreement	60,055	262,368
	285,203	397,416
	$ 738,146	$ 940,261

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

B. The Group recognised its deposits with maturities ranging from three months to one year as "Financial assets amortized cost – current" in the amount of $921 and $922 for the years ended December 31, 2023 and 2022, respectively.

C. The Group has no cash and cash equivalents pledged to others as of December 31, 2023 and December 31, 2022.

(2) Financial assets at amortised cost – current

Item	December 31, 2023	December 31, 2022
Time deposits maturing over three months	$ 921	$ 922

A. The Group recognised net gain on financial assets at amortised cost amounting to $27 and $3 (listed as "Interest Income") for the years ended December 31, 2023 and 2022, respectively.

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the book value.

C. The Group has none financial assets at amortised cost that were pledged as collateral as at December 31, 2023 and 2022.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2) "Financial instruments". The counterparties of the Group's investment in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 4, 565	$ 12, 216
Accounts receivable	$ 139, 481	$ 143, 007

A. The ageing analysis of notes and accounts receivable that were past due is as follows:

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Outstanding	$ 4, 565	$ 139, 481	$ 12, 216	$ 142, 713
Less than 30 days	–	–	–	–
31～90 days	–	–	–	5
91～180 days	–	–	–	289
Over 181 days	–	–	–	–
	$ 4, 565	$ 139, 481	$ 12, 216	$ 143, 007

The above ageing analysis was based on the number of days past due.

B. As at December 31, 2023 and 2022, accounts and notes receivable were all from contracts with customers. As at January 1, 2022, the balance of receivables from contracts with customers (including related parties) amounted to $210,567.

C. The Group has no notes and accounts receivable pledged to others as collateral as at December 31, 2023 and 2022.

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

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 3,403	$ -	$ 3,403
Raw materials	343,345	(26,872)	316,473
Work in process	5	-	5
Finished goods	103,418	(3,713)	99,705
	$ 450,171	($ 30,585)	$ 419,586

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 5,260	$ -	$ 5,260
Raw materials	427,430	(22,332)	405,098
Work in process	8	-	8
Finished goods	95,115	(2,326)	92,789
	$ 527,813	($ 24,658)	$ 503,155

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 1,710,282	$ 2,591,210
Provision for inventory market price decline	5,927	768
Loss on physical inventory and scrapped inventory	4,261	10,433
Other operating costs	8,556	13,413
	$ 1,729,026	$ 2,615,824

(5) Financial assets at fair value through profit or loss – non-current

Item	December 31, 2023	December 31, 2022
Financial assets designated as at fair value through profit or loss		
Call options of bonds	$ 150	$ 150

A. The Group has no financial assets at fair value through profit or loss pledged to others as of December 31, 2023 and 2022.

B. Information relating to financial assets designated as at fair value through profit or loss – call options of bonds is provided in Note 6(11) "Bonds payable".

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

(6) Financial assets at fair value through other comprehensive income – non-current

Item	December 31, 2023	December 31, 2022
Equity instruments		
Listed stocks	$ 55,978	$ 55,978
Unlisted stocks	54,133	54,133
	110,111	110,111
Valuation adjustment	(20,267)	(36,446)
	$ 89,844	$ 73,665

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was the book value as at December 31, 2023 and 2022.

B. In July 2021, the target of non-current financial assets at fair value through other comprehensive income held by the Company, Dalin Automotive Co., Ltd., carried out the dissolution process and completed the liquidation in April 2022. In September 2021, the Group collected the returned proceeds of $377 and wrote down the full carrying amount of the investment, and according to regulations, the retained earnings was written down at the insufficient amount of $420.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (shown as other equity)	$ 16,179	($ 36,446)

D. As at December 31, 2023 and 2022, the group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2) “Financial instruments”.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment, Leasehold improvements and other equipment	Construction in process and equipment to be inspected	Total
At January 1, 2023							
Cost	$ 508,459	$ 495,825	$ 146,620	$ 24,541	$ 495,973	$ 162,680	$ 1,834,098
Accumulated depreciation	-	(86,293)	(108,838)	(15,550)	(333,896)	-	(544,577)
	$ 508,459	$ 409,532	$ 37,782	$ 8,991	$ 162,077	$ 162,680	$ 1,289,521
For the year ended December 31, 2023							
At January 1	$ 508,459	$ 409,532	$ 37,782	$ 8,991	$ 162,077	$ 162,680	$ 1,289,521
Additions	-	3,911	2,265	3,050	37,719	16,876	63,821
Transfers (Note)	-	14,378	2,605	-	17,047	(19,524)	14,506
Depreciation	-	(11,527)	(10,739)	(2,974)	(97,286)	-	(122,526)
Disposals－Cost	-	-	(30,694)	(9,789)	(2,696)	-	(43,179)
－Accumulated depreciation	-	-	30,111	7,348	2,328	-	39,787
Net currency exchange differences	(6,347)	-	(14)	(3)	-	(4,931)	(11,295)
At December 31	$ 502,112	$ 416,294	$ 31,316	$ 6,623	$ 119,189	$ 155,101	$ 1,230,635
At December 31, 2023							
Cost	$ 502,112	$ 514,114	$ 120,782	$ 17,799	$ 548,043	$ 155,101	$ 1,857,951
Accumulated depreciation	-	(97,820)	(89,466)	(11,176)	(428,854)	-	(627,316)
	$ 502,112	$ 416,294	$ 31,316	$ 6,623	$ 119,189	$ 155,101	$ 1,230,635

(Note) Transferred $14,498 from “Prepayments for equipment” and $8 from “Prepayments”.

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment, Leasehold improvements and other equipment	Construction in process and equipment to be inspected	Total
At January 1, 2022							
Cost	$ 494,178	$ 446,312	$ 156,693	$ 25,306	$ 388,186	$ 52,882	$ 1,563,557
Accumulated depreciation	-	(75,375)	(108,937)	(12,621)	(232,277)	-	(429,210)
	$ 494,178	$ 370,937	$ 47,756	$ 12,685	$ 155,909	$ 52,882	$ 1,134,347
For the year ended December 31, 2022							
At January 1	$ 494,178	$ 370,937	$ 47,756	$ 12,685	$ 155,909	$ 52,882	$ 1,134,347
Additions	-	11,588	2,653	350	82,282	139,933	236,806
Transfers (Note)	-	37,925	894	-	55,357	(45,573)	48,603
Depreciation	-	(10,918)	(12,823)	(3,987)	(110,802)	-	(138,530)
Disposals－Cost	-	-	(13,620)	(1,115)	(29,852)	-	(44,587)
－Accumulated depreciation	-	-	12,922	1,058	9,183	-	23,163
Net currency exchange differences	14,281	-	-	-	-	15,438	29,719
At December 31	$ 508,459	$ 409,532	$ 37,782	$ 8,991	$ 162,077	$ 162,680	$ 1,289,521
At December 31, 2022							
Cost	$ 508,459	$ 495,825	$ 146,620	$ 24,541	$ 495,973	$ 162,680	$ 1,834,098
Accumulated depreciation	-	(86,293)	(108,838)	(15,550)	(333,896)	-	(544,577)
	$ 508,459	$ 409,532	$ 37,782	$ 8,991	$ 162,077	$ 162,680	$ 1,289,521

(Notes) Transferred from “Prepayments for equipment”.

A. The Group's property, plant and equipment as of December 31, 2023 and 2022 were for its own use.

B. No interest expense was capitalised as part of property, plant and equipment for the years ended December 31, 2023 and 2022.

C. The Group has no property, plant and equipment pledged to others as collateral as at December 31, 2023 and 2022.

(8) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, business vehicles and multifunctional business machine. Rental contracts are typically made for periods of 1 to 5 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	$ 591	$ 2,997

	For the years ended December 31,	
	2023	2022
	Depreciation	Depreciation
Buildings	$ 2,406	$ 3,044
Transportation equipment	-	1,114
	$ 2,406	$ 4,158

C. For the years ended December 31, 2023 and 2022, the Group's additions to right-of-use assets was $－.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 43	$ 124
Expense on short-term lease contracts	$ 2,399	$ 1,464
Expense on leases of low-value assets	$ 380	$ 503
Gain from lease modification	$ -	($ 31)

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases was $5,298 and $6,140, respectively.

(9) Other payables

	December 31, 2023	December 31, 2022
Accrued salaries and bonuses	$ 43,312	$ 60,701
Business and commodity tax payable	5,702	2,765
Advertising expense payable	1,853	12,643
Payable on machinery and equipment	1,461	6,398
Accrued mold fees	1,175	1,175
Employees' compensation and remuneration for directors	-	7,128
Others	31,329	30,467
	$ 84,832	$ 121,277

(10) Provisions

	For the years ended December 31,	
	2023	2022
Balance at January 1	$ 48,023	$ 39,082
Additions	8,556	13,413
Amounts utilized	(19,560)	(4,472)
Balance at December 31	$ 37,019	$ 48,023

The information of provision for liabilities is as follows:

	December 31, 2023	December 31, 2022
Current	$ 7,675	$ 48,023
Non-current	29,344	-
	$ 37,019	$ 48,023

The Group's product warranty provision is primarily related to the sales of scooters, ATV, automobile.The amount of the provision is estimated according to historical warranty data.

(11) Bonds payable

	December 31, 2023	December 31, 2022
Bonds payable	$ 300,000	$ 300,000
Less: Discount on bonds payable	(11,897)	(18,025)
	$ 288,103	$ 281,975

A. The terms of the first domestic secured convertible bonds issued by the Company in November 2022 and listed on the Taipei Exchange on November 18, 2022 are as follows:

(a) The Company issued 0% first domestic secured convertible bonds as approved by the regulatory authority. The total amount was $300,000 (relevant issuance cost $5,419) and the issuance price was $309,210. The bonds mature 3 years from the issue date (November 18, 2022 ~ November 18, 2025) and will be redeemed in cash at face value at the maturity date.

(b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (February 19,

2023) to the maturity date (November 18, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds. The conversion price set on the issue date is NT$43.3 (in dollars) per share. The conversion price of the bonds is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model specified in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value within 30 trading days after the closing price of the Company's common shares is above the then conversion price by 10% for 30 consecutive trading days during the period from the date after three months of the bonds issue (February 19, 2023) to 40 days before the maturity date (October 9, 2025); or the Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (February 19, 2023) to 40 days before the maturity date (October 9, 2025). The next trading day of the effective date of the bonds redemption will be the delisted day of the bonds and the second trading day after the delisted day of the bonds will be the deadline for creditors to request conversion. However, the creditors shall apply to the original trading securities firms for the conversion of the bonds to the Company's common shares before the next trading date after the delisted day of the bonds, if the creditors have not applied before the aforementioned deadline, the Company will redeem the bonds that they held at the bonds' face value.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) The Company commissioned Taipei Fubon Commercial Bank Co., Ltd. (the guarantee bank) to offer a guarantee for the bonds. The guarantee period is from the day that the proceeds from the bonds are fully collected to the day when all the liabilities subordinated to the bonds such as principal and interest payable under the terms of the bonds have been fully paid and the scope of the guarantee is the liabilities subordinated to the main debt such us the unpaid principal and accrued interests premium of the bonds.

B. Regarding the issuance of convertible bonds, the equity conversion options were separated from the liability component and were recognised $22,695 in 'capital surplus - share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and $150 was recognized in 'non-current financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

C. Details of interest expense recognised in profit or loss for the years ended December 31, 2023 and 2022 are provided in Note 6(20) " Finance costs".

(12) Pensions

A. The Company and its domestic subsidiary have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiary contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiary would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiary will make contributions for the deficit by next March. The relevant information is as follows:

(a) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 44,861	$ 41,932
Fair value of plan assets	(8,121)	(7,837)
Net defined benefit liability	$ 36,740	$ 34,095

(b)Movements in net defined benefit liabilities are as follows:

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 41,932)	$ 7,837	($ 34,095)
Current service cost	(641)	-	(641)
Interest (expense) income	(545)	102	(443)
	(43,118)	7,939	(35,179)
Remeasurements:			
Return on plan assets	-	30	30
Change in financial assumptions	(338)	-	(338)
Experience adjustments	(1,815)	-	(1,815)
	(2,153)	30	(2,123)
Pension fund contribution	-	152	152
Paid pension	410	-	410
At December 31	($ 44,861)	$ 8,121	($ 36,740)

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 42,388)	$ 7,110	($ 35,278)
Current service cost	(644)	-	(644)
Interest (expense) income	(297)	50	(247)
	(43,329)	7,160	(36,169)
Remeasurements:			
Return on plan assets	-	530	530
Change in financial assumptions	2,131	-	2,131
Experience adjustments	(1,064)	-	(1,064)
	1,067	530	1,597
Pension fund contribution	-	147	147
Paid pension	330	-	330
At December 31	($ 41,932)	$ 7,837	($ 34,095)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company’s and domestic subsidiary's defined benefit pension plan in accordance with the Fund’s annual investment and utilisation plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-thecounter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiary have no right to participate in managing and operating that fund and hence the Company and domestic subsidiary are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d)The principal actuarial assumptions used were as follows:

	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	2.00%	2.00%

For the fiscal year 2023 and 2022, the assumptions regarding future mortality experience are set based on the Taiwan Life Tables, 6th Edition.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 836)	$ 862	$ 744	($ 727)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 843)	$ 869	$ 756	($ 738)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(e)Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to $152.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	2,599
2-5 years		14,995
Over 5 years		18,393
	$	35,987

B. Effective July 1, 2005, the Company and its domestic subsidiary have 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 and its domestic subsidiary contribute 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. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $12,523 and $11,798, respectively.

(13) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2023	2022
Beginning and ending balance	73,029	73,029

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (in thousands of shares):

	For the year ended December 31, 2023			
Reason for reacquisition	Opening Balance	Additions	Deduction	Ending Balance
To be reissued to employees	1,500	-	-	1,500

	For the year ended December 31, 2022			
Reason for reacquisition	Opening Balance	Additions	Deduction	Ending Balance
To be reissued to employees	1,500	-	-	1,500

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.

(e) The balance of the Company's treasury shares for December 31, 2023 and 2022 was $63,380.

C. As of December 31, 2023, the Company's authorized capital was $1,500,000 ($20,000 were reserved for conversion to employee stock options), and the paid-in capital was $745,287, constituting 74,529 thousand shares with a par value of $10 per share. The Company has received payment for all issued shares.

(14) Capital surplus

(1) 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 capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(2) Regarding the capital surplus - stock options, refer to Note 6(11) "Bonds payable".

(15) Retained earnings

A. Pursuant to the Company Act, the Company shall set aside 10% of its after-tax profits as legal reserve until the balance is equal to the paid-in capital. 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 is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. 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 and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the authorised capital. In addition, after the special reserve is set aside or reversed in accordance with the relevant laws and regulations, the remainder plus the beginning unappropriated earnings are the cumulative distributable earnings to shareholders, and shall be distributed to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval. The Company is in the stable growth stage and will keep track of the changes in the internal and external environment to achieve sustainable operational development. The Board of directors shall consider the Company's future capital expenditure budget and working capital needs and measure the necessity of supporting capital with earnings when proposing the distribution plan to determine the amounts of earnings to be retained or to be appropriated and dividends to be distributed in the form of cash. No more than 95% of the distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed. The Company authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The provisions governing the shareholders' meeting as set out in Company's Articles of Incorporation shall not apply.

C. 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. The balance of the Company's special reserve for the years ended December 31, 2023 and 2022 was $33,877 and $12,752, respectively.

D. The Company recognised dividends distributed to owners amounting to $109,543 ($1.5 (in dollars) per share) and $219,086 ($3.0 per share) for the years ended December 31, 2023 and 2022, respectively. On March 13, 2024, the Board of Directors proposed not to distribute earnings due to the loss incurred for the year ended December 31, 2023.

(16) Other equity items

	For the year ended December 31, 2023		
	Currency translation difference	Unrealized valuation gains and losses	Total
At January 1	$ 2,569	($ 36,446)	($ 33,877)
Currency translation differences:			
–Group	(10,584)	-	(10,584)
–Tax on Group	2,117	-	2,117
Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income	-	16,179	16,179
At December 31	($ 5,898)	($ 20,267)	($ 26,165)

	For the year ended December 31, 2022		
	Currency translation difference	Unrealized valuation gains and losses	Total
At January 1	($ 12,752)	$ -	($ 12,752)
Currency translation differences:			-
–Group	19,151	-	19,151
–Tax on Group	(3,830)	-	(3,830)
Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income	-	(36,446)	(36,446)
At December 31	$ 2,569	($ 36,446)	($ 33,877)

(17) Operating revenue

A. The Group derives revenue from contracts with customers and transfer of goods at a point in time. The information of primary products is as follows:

	For the year ended December 31, 2023		
	Domestic	Export	Total
ATV	$ 690,263	$ 781,615	$ 1,471,878
Scooters	257,477	2,700	260,177
Automobiles	276,710	5,815	282,525
Parts and others	95,457	34,047	129,504
	$ 1,319,907	$ 824,177	$ 2,144,084

	For the year ended December 31, 2022		
	Domestic	Export	Total
ATV	$ 1,237,226	$ 1,325,794	$ 2,563,020
Scooters	112,720	1,231	113,951
Automobiles	514,045	251	514,296
Parts and others	133,233	55,307	188,540
	$ 1,997,224	$ 1,382,583	$ 3,379,807

B. Contract liabilities

(a) The Group has recognised revenue-related contract liabilities amounting to $83,510, $59,303, and $53,895 as of December 31, 2023, December 31, 2022, and January 1, 2022, respectively.

(b) As of January 1, 2023 and 2022, the Group's contract liabilities that were recognised as revenue for the years ended December 31, 2023 and 2022 were $39,517 and $12,120, respectively.

(18) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 1,945	$ 548
Interest income from financial assets measured at amortised cost	27	3
Interest income from Repurchase Agreement Bond	5,162	2,633
Other interest income	4	1
	$ 7,138	$ 3,185

(19) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net currency exchange (loss) gain	($ 7,876)	$ 29,600
(Loss) gain on disposal of property, plant and equipment	(1,738)	10,645
Gain from lease modification	-	31
Other income	93,652	36,274
	$ 84,038	$ 76,550

(20) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense		
Convertible bond	$ 6,128	$ 730
Lease liabilities	43	124
	$ 6,171	$ 854

(21) Expenses by nature

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 117,768	$ 211,243	$ 329,011
Depreciation	$ 98,636	$ 26,296	$ 124,932

	For the year ended December 31, 2022		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 128,717	$ 212,434	$ 341,151
Depreciation	$ 112,269	$ 30,419	$ 142,688
Amortisation	$ 477	$ -	$ 477

(22) Employee benefit expense

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	$ 98,262	$ 177,733	$ 275,995
Labour and health insurance fees	12,020	18,310	30,330
Pension costs	4,168	9,439	13,607
Other personnel expenses	3,318	5,761	9,079
	$ 117,768	$ 211,243	$ 329,011

	For the year ended December 31, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	$ 109,400	$ 177,645	$ 287,045
Labour and health insurance fees	11,091	16,732	27,823
Pension costs	3,978	8,711	12,689
Other personnel expenses	4,248	9,346	13,594
	$ 128,717	$ 212,434	$ 341,151

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1%～5% for employees’ compensation and shall not be higher than 1.5% for directors’ remuneration. The distribution of employees’ compensation in the form of shares or cash shall include the employees of subsidiaries who meet specific requirements.

B. For the year ended December 31, 2023, the Company incurred net loss. Thus, there was no estimation of employees’ compensation and directors’ remuneration. For the year ended December 31, 2022, employees’ compensation was accrued at $3,564; while directors’ remuneration was accrued at $3,564. The aforementioned amounts were recognised in salary expenses.The employees’ compensation and directors’ remuneration were estimated and accrued based on the distributable profit of current year for the years ended December 31, 2022 at the range of percentage prescribed in the Company’s Articles of Incorporation. Employees’ compensation and directors’ remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. The employees' compensation of 2022 was distributed in the form of cash.

Information about employees’ compensation and directors’ and supervisors’ remuneration of the Company as resolved by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 14,061	$ 74,743
Tax on undistributed earnings	5,896	5,437
Prior year income tax overestimation	(5,312)	(2,444)
	14,645	77,736
Deferred tax:		
Origination and reversal of temporary differences	(11,857)	269
Income tax expense	$ 2,788	$ 78,005

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

	For the years ended December 31,	
	2023	2022
Remeasurements of the net defined benefit liability	($ 424)	$ 319
Exchange differences on translation of foreign financial statements	(2,117)	3,830
	($ 2,541)	$ 4,149

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 11,386	$ 73,363
Effect from items adjusted in accordance with tax regulation	(9,182)	1,649
Tax on undistributed earnings	5,896	5,437
Prior year income tax overestimation	(5,312)	(2,444)
Income tax expense	$ 2,788	$ 78,005

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

	For the year ended December 31, 2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Loss on inventory	$ 4,931	$ 1,186	$ -	$ 6,117
Unrealised after-sale warranty service fees	9,604	(2,201)	-	7,403
Book-tax differences on pensions	5,571	104	-	5,675
Unrealised actuarial loss	1,249	-	424	1,673
Investment losses	1,081	3,784	-	4,865
Currency translation differences	-	-	1,475	1,475
Unrealised exchange loss	-	1,014	-	1,014
Loss carryforward	1,492	6,981	-	8,473
	23,928	10,868	1,899	36,695
Deferred tax liabilities:				
Temporary differences:				
Currency translation differences	(642)	-	642	-
Unrealised exchange gain	(989)	989	-	-
	(1,631)	989	642	-
	$ 22,297	$ 11,857	$ 2,541	$ 36,695

	For the year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Loss on inventory	$ 4,778	$ 153	$ -	$ 4,931
Unrealised after-sale warranty service fees	7,816	1,788	-	9,604
Book-tax differences on pensions	5,488	83	-	5,571
Unrealised actuarial loss	1,568	-	(319)	1,249
Investment losses	597	484	-	1,081
Currency translation differences	3,188	-	(3,188)	-
Unrealised exchange loss	340	(340)	-	-
Loss carryforward	2,940	(1,448)	-	1,492
	26,715	720	(3,507)	23,928
Deferred tax liabilities:				
Temporary differences:				
Currency translation differences	-	-	(642)	(642)
Unrealised exchange gain	-	(989)	-	(989)
	-	(989)	(642)	(1,631)
	$ 26,715	($ 269)	($ 4,149)	$ 22,297

D. Expiration dates of unused loss carryforward and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2023			
Year	Filing of Income Tax	Unused tax credits	Unrecognised deferred tax assets	Expiry year
2019	$ 10,113	$ 4,713	$ -	2029
2020	10,203	10,203	-	2030
2022	22,954	22,954	-	2032
2023	4,493	4,493	-	2033
	$ 47,763	$ 42,363	$ -	

Year	December 31, 2022 Filing of Income Tax	Unused tax credits	Unrecognised deferred tax assets	Expiry year
2019	$ 10,113	$ 4,713	$ 2,357	2029
2020	14,316	10,203	5,102	2030
	$ 24,429	$ 14,916	$ 7,459	

E. The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority. As at March 13, 2024, no administrative relief has occurred.

(24) (Loss) earnings per share

	For the year ended December 31, 2023 Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 4, 530)	73, 029	($ 0. 06)

	For the year ended December 31, 2022 Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 274, 863	73, 029	$ 3. 76
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 274, 863		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	–	115	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 274, 863	73, 144	$ 3. 76

For the year ended December 31, 2023, the Company’s issued dilutive potential ordinary share-Employees’ compensation and convertible bonds had anti-dilutive effect, thus, they were not included in the calculation of diluted earnings per share.

(25) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the years ended December 31, 2023	For the years ended December 31, 2022
(a) Purchase of property, plant and equipment	$ 63,821	$ 236,806
Add: Beginning balance of payable on machinery and equipment	6,398	12,086
Less: Ending balance of payable on machinery and equipment	(1,461)	(6,398)
Cash paid for acquisition of property, plant and equipment	$ 68,758	$ 242,494

	For the years ended December 31, 2023	For the years ended December 31, 2022
(b) Acquiring deferred mold fees (shown as Property, plant and equipment-Others)	$ -	$ -
Add: Ending balance of prepayment for mold fees	7,496	7,504
Beginning balance of other payables	1,175	3,797
Beginning balance of prepayment for mold fees transferred to prepayment for equipment	-	633
Beginning balance of prepayment for mold fees transferred to mold	8	-
Less: Beginning balance of prepayment for mold fees	(7,504)	(8,136)
Ending balance of payable on equipment	(1,175)	(1,175)
Cash paid for acquiring deferred mold fees	$ -	$ 2,623

B. Investing and financing activities with no cash flow effects

	For the years ended December 31, 2023	For the years ended December 31, 2022
(a) Prepayments for equipment reclassified to property, plant and equipment	$ 14,498	$ 48,603
(b) Prepayments for equipment reclassified to other non-current assets	$ 1,800	$ -

(26) Changes in liabilities from financing activities

	For the year ended December 31, 2023			
	Lease liabilities	Bonds payable	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2023	$ 3,093	$ 281,975	$ 16,173	$ 301,241
Changes in cash flow from financing activities	(2,519)	-	(11,509)	(14,028)
Interest expense	43	6,128	-	6,171
At December 31, 2023	$ 617	$ 288,103	$ 4,664	$ 293,384

	For the year ended December 31, 2022			
	Lease liabilities	Bonds payable	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2022	$ 7,536	$ -	$ 16,115	$ 23,651
Changes in cash flow from financing activities	(4,173)	303,790	58	299,675
Changes in other non-cash items	(270)	(21,815)	-	(22,085)
At December 31, 2022	$ 3,093	$ 281,975	$ 16,173	$ 301,241

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Chin Chung Development Co., Ltd.	Other related party
Kuan Mei Technology Co., Ltd.	Other related party
Kuan Cheng Technology Co., Ltd.	Other related party

(2) Significant transactions and balances with related parties

A. Sales

	For the years ended December 31,	
	2023	2022
Sales of goods:		
Other related parties	$ 24	$ 126

The term of the sales to related parties for the key management personnel of the entity were remittance within 60 days after monthly billing, and for other related parties and the third party were receipts of promissory notes with a period from 1 to 5 months after the completion of sales transaction. The price is approximately the same with the third party.

B. Purchases

	For the years ended December 31,	
	2023	2022
Other related parties	$ 46,385	$ 76,971

The transaction terms of purchases from related parties are the same as those from third parties which are issuance of demand notes or 1-to-2-month(s) promissory notes in the following month; the transaction prices are approximately the same as those from third parties.

C. Property transactions

Acquisition of property, plant and equipment:

		For the years ended December 31,	
	Items	2023	2022
Chin Chung Development Co., Ltd.	Mold	$ -	$ 16,205
Other related parties	Mold	557	11,967
		$ 557	$ 28,172

The Group purchased property, plant and equipment from related parties through negotiating.

D. Manufacturing overhead

	For the years ended December 31,	
	2023	2022
Manufacturing expenses:		
Other related parties	$ 5,231	$ 8,491
Repairs and maintenance expense:		
Other related parties	$ 717	$ 2,520

E. Other expenses

	For the years ended December 31,	
	2023	2022
Other related parties	$ 65	$ 54

F. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
Other related parties	$ 1	$ 5

G. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
Other related parties	$ 18,359	$ 25,011
Other payables:		
Other related parties	$ 6	$ -

(3) Key management compensation

	For the years ended December 31	
	2023	2022
Salaries and other short-term employee benefits	$ 20,646	$ 19,485
Post-employment benefits	425	183
	$ 21,071	$ 19,668

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

A.Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	For the years ended December 31,	
	2023	2022
Construction in progress	$ 37,544	$ 41,909

B.As of December 31, 2023 and 2022, the details of the Group's provision for endorsements and guarantees is as follows:

		For the years ended December 31,		
Endorser	Party being endorsed	2023	2022	Guarantee purpose
Aeon Motor Co., Ltd.	AEON MOTOR VIETNAM COMPANY LIMITED	$ 199,583	$ －	Loan Guarantee Amount

As of December 31, 2023 and 2022, the amount of provision of endorsements and guarantees to AEON MOTOR VIETNAM COMPANY LIMITED were $168,878 and $－, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Group are described in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

(b) Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

i. The Group's businesses involve some non-functional currency operations (The functional currency of the Company and several subsidiaries is the NTD; the functional currency of several subsidiaries is the USD, VND and RMB). Information on assets and liabilities subject to significant foreign exchange risk is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 6,344	30.705	$ 194,793
Financial liabilities			
Monetary items			
USD:NTD	190	30.705	5,834

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 8,290	30.71	$ 254,586
Financial liabilities			
Monetary items			
USD:NTD	567	30.71	17,413

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If NTD had appreciated/depreciated by 10% against USD, the Group's net profit after tax for the years ended December 31, 2023 and 2022 would have decreased/increased by $15,117 and $18,974, respectively.

ii. The total exchange (losses) gains, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to ($7,876) and $29,600, respectively.

II. Price risk

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

ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $8,984 and $7,367, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

III. Cash flow and fair value interest rate risk

The Group has no financial investments or debts with floating interest rates, and therefore, has no interest rate risk.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

II. The Group manages its credit risk taking into consideration the entire Group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

III. The Group adopts management of credit risk. If the contract payments were past due over a specific period based on the terms, there will be a implementation guidance.

IV. The Company classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Company applies the modified approach using the loss rate methodology to estimate expected credit loss under the provision matrix basis.

V. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. Expected loss rates of the Group's accounts receivable that were not past due were insignificant on December 31, 2023 and 2022, and the amounts of the Group applying the modified approach to provide loss allowance for accounts receivable were not significant. Thus, the Group did not recognise related losses for the years ended December 31, 2023 and 2022.

(c) Liquidity risk

I. Cash flow forecasting is performed by the Group Finance Department. Group's Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any if its borrowing facilities.

II. The Group has the following undrawn borrowing facilities:

	For the years ended December 31,	
	2023	2022
Floating rate:		
Expiring within one year	$ 200,000	$ 200,000

III. The table below analyses the Group's non-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. The amounts disclosed in the following table are undiscounted contractual cash flows.

December 31, 2023	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable (including related parties)	$ 358,404	$ –	$ –	$ –
Other payables	84,832	–	–	–
Lease liabilities	617	–	–	–
Bonds payable	–	300,000	–	–
Guarantee deposits received	–	–	4,664	–

December 31, 2022	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable (including related parties)	$ 488,112	$ –	$ –	$ –
Other payables	121,277	–	–	–
Lease liabilities	2,519	619	–	–
Bonds payable	–	–	300,000	–
Guarantee deposits received	–	–	16,173	–

IV. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The Group's investment in derivative financial instrument are included in Level 2.

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

B. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Call options of corporate bond	$ -	$ 150	$ -	$ 150
Financial assets at fair value through other comprehensive income				
Equity securities	$ 15,844	$ -	$ 74,000	$ 89,844

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Call options of corporate bond	$ -	$ 150	$ -	$ 150
Financial assets at fair value through other comprehensive income				
Equity securities	$ 19,532	$ -	$ 54,133	$ 73,665

C. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed Shares
Market quoted price	Closing Price

(b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. The call options of corporate bonds usually are valued by the Binomial-Tree approach.

(c) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

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

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
At January 1	$ 54,133	$ 25,400
Additions during the year	-	28,733
Profit recognised in other comprehensive income	19,867	-
At December 31	$ 74,000	$ 54,133

(Note) For the year ended December 31, 2022, the Group's fair value changes of financial instruments within level 3 were insignificant, thus, the Group did not adjust level 3 financial instruments.

F. Financial segment is in charge of valuation procedures for fair value measurements being categorised 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.

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 74,000	Market - comparable companies	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 54,423	Market - comparable companies	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value.

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	± 10%	$ -	$ -	$ 822	($ 822)

	Input	Change	December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	± 10%	$ -	$ -	$ 605	($ 605)

I. The carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, accounts payable (included related parties), other payables, bonds payable and guarantee deposit received are approximate to their fair values.

13. SUPPLEMENTARY DISCLOSURES

(According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2023.)

(1) Significant transactions information

A. Loans to others: Refer to Table 1.

B. Provision of endorsements and guarantees to others: Refer to Table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): 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: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to Table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Refer to Table 5.

I. Trading in derivative instruments undertaken during the reporting period: None.

J. Significant inter-company transactions during the reporting period: Refer to Table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to Table 7.

(3) Information on investments in Mainland China

A. Basic information: Refer to Table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to Table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Group's chief operating decision-maker that are used to make strategic decisions. There is no material change in the basis for information of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The Group evaluates the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. The accounting policies of the operating department are the same as the summary of the significant accounting policies described in Note 4 to the consolidated financial statements.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2023			
	Department of ATV and Scooter	Department of Automobiles	Department of Investment	Total
Total segment revenue	$ 2,290,044	$ 260,177	$ -	$ 2,550,221
Inter-segment revenue	(406,137)	-	-	(406,137)
Revenue from external customers	1,883,907	260,177	-	2,144,084
Interest income	6,799	312	27	7,138
Depreciation and amortisation	122,325	2,607	-	124,932
Segment income (loss) before tax	2,747	(4,493)	4	(1,742)
Capital expenditure for non-current assets	114,482	-	-	114,482
Segment assets	2,755,149	65,229	1,008	2,821,386
Segment liabilities	877,694	34,412	-	912,106

	For the year ended December 31, 2022			
	Department of ATV and Scooter	Department of Automobiles	Department of Investment	Total
Total segment revenue	$ 3,406,557	$ 516,478	$ -	$ 3,923,035
Inter-segment revenue	(543,228)	-	-	(543,228)
Revenue from external customers	2,863,329	516,478	-	3,379,807
Interest income	2,670	511	4	3,185
Depreciation and amortisation	139,530	3,635	-	143,165
Segment income (loss) before tax	375,936	(23,046)	(22)	352,868
Capital expenditure for non-current assets	263,808	-	-	263,808
Segment assets	3,020,405	84,455	1,004	3,105,864
Segment liabilities	1,061,669	26,855	-	1,088,524

(4) Reconciliation about segment profit or loss, assets and liabilities

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income, and the amounts provided to the chief operating decision maker with respect to segment income or loss, total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements, therefore, no additional reconciliations are needed.

(5) Information on products and services

Revenue from external customers is mainly from sales of ATVs and UTVs. Details of revenue are as follows:

	For the years ended December 31,	
	2023	2022
ATVs	$ 1,471,878	$ 2,563,020
Motorcycles	282,525	113,951
Electric vehicles	260,177	514,296
Parts and others	129,504	188,540
	$ 2,144,084	$ 3,379,807

(6) Geographical information

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

	For the years ended December 31,			
	2023		2022	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
USA	$ 738,190	$ -	$ 1,275,485	$ -
Asia	12,541	375,139	1,851	350,300
Europe	73,446	-	105,247	-
Taiwan	1,319,907	919,078	1,997,224	968,984
	$ 2,144,084	$ 1,294,217	$ 3,379,807	$ 1,319,284

(Note) The revenue per geographical location is classified based on country location of the customer.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows (revenue from the customer constituting more than 10% of operating revenue of the Group):

	For the years ended December 31,			
	2023		2022	
	Revenue	Segment	Revenue	Segment
A Company	$ 685,619	Segment of ATV and motorcycle	$ 1,218,450	Segment of ATV and motorcycle
B Company	492,900	〃	825,819	〃
C Company	245,138	〃	445,428	〃
	$ 1,423,657		$ 2,489,697	

Aeon Motor Co., Ltd. and Subsidiaries

Loans to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance	Ending balance	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 (Note 1)	Ceiling on total loans granted (Note 1)	Note
													Item	Value			
0	Aeon Motor Co., Ltd.	AEON MOTOR VIETNAM COMPANY LIMITED	Other receivables	Y	$ 322,403	$ 199,583	$ 168,878	1%	Short-term financing	$ -	Operating turnover	$ -	—	$ -	$ 763,712	$ 763,712	—

(Note 1) Calculation of limit on loans granted to a single party and ceiling on total loans granted:The total loan amount cannot exceed 40% of the company's net worth. There are three possible circumstances:

1. Loan is made to company with which the Company has a business relationship. The total loan amount cannot exceed 40% of the company's net worth.
   The individual loan amount cannot exceed the total amount of business transactions between the two parties in the past year.
2. Loan is made to companies who need short-term financing. The total loan amount cannot exceed 40% of the company's net worth. The individual loan amount cannot exceed 40% of the net worth of the company.
3. The aforementioned limit does not apply if the loan is made to a company of which the parent company owns, directly or indirectly, 100% of the voting equity.

(Note 2) Foreign currency amounts in the table are converted into NTD according to the exchange rates on the financial reporting date (USD:NTD 1:30.705; VND:NTD 1:0.00125 ; USD:VND 1:24,205).

Aeon Motor Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 2 Expressed in thousands of NTD

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsements/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantee (Note 3)	Provision of endorsements/ guarantee by parent company to subsidiary	Provision of endorsements/ guarantee by subsidiary to parent company	Provision of endorsements/ guarantee to the party in Mainland China	Footnote
0	Aeon Motor Co., Ltd.	AEON MOTOR VIETNAM COMPANY LIMITED	1	$ 954,640	$ 199,583	$ 199,583	$ -	$ -	10.45%	$ 954,640	Y	N	N	-

(Note 1) The information of provision of endorsements and guarantees between the Company and the consolidated subsidiaries should be noted in column"Number". The number means:

1. The number 0 represents the Company.

2. The consolidated subsidiaries are numbered in order from number 1.

(Note 2) The following code represents the relationship with the Company :

1. A subsidiary jointly owned over 90% by the Company

(Note 3) The Company’s limit on total endorsements/guarantees is 50% of net assets and limit on endorsements/guarantees provided for a single party is 20% of net assets. However, the endorsements/guarantees provided for the Company’s subsidiaries are not subject to the above restrictions.

For the companies having business relationship with the Company, the endorsements/guarantees amount shall not exceed the total amount of business transactions with the Company in the latest year (which is the higher between sales and purchases). The net assets amounts are based on the latest audited or reviewed financial statements attested by the auditor.

(Note 4) The maximum amount approved by the Board of Directors for company subsidiaries is USD$6,500 thousands.

(Note 5) Foreign currency amounts in the table are converted into NTD according to the exchange rates on the financial reporting date (USD:NTD 1:30.705; VND:NTD 1:0.00125 ; USD:VND 1:24,205).

Aeon Motor Co., Ltd. and Subsidiaries

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

December 31, 2023

Table 3

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Note
				Number of shares	Book value	Ownership (%)	Fair value	
Aeon Motor Co., Ltd.	Stock:							
	Taiwan Truewin Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	585	$ 55,260	1.26%	$ 55,260	—
	ZEPT Inc.	—	Financial assets at fair value through other comprehensive income - non-current	1,333	18,740	3.18%	18,740	—
	Gogoro Inc.	—	Financial assets at fair value through other comprehensive income - non-current	200	15,844	0.08%	15,844	—

Aeon Motor Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Aeon Motor Co., Ltd.	Aeon Future Mobility Co., Ltd.	Subsidiary	(Sales)	($ 224,066)	(11%)	Remittance within 60 days after monthly billing	$ -	Receipts of promissory notes with a period from 1 to 5 months after the completion of sales transaction.	$ 30,178	14%	—
Aeon Future Mobility Co., Ltd.	Aeon Motor Co., Ltd.	The company	Purchases	222,196	100%	Remittance within 60 days after monthly billing	-	-	(29,886)	(100%)	—

Aeon Motor Co., Ltd. and Subsidiaries

Receivables from related parties reaching NT$100 million or 20% of the Company's paid-in capital or more

December 31, 2023

Table 5

Expressed in thousands of NTD

Company Name	Name of the counterparty	Relationship	Receivables from related party	Turnover rate	Overdue receivables		Subsequent collections	Allowance for doubtful accounts
					Amount	Action taken for overdue accounts		
Aeon Motor Co., Ltd.	AEON MOTOR VIETNAM COMPANY LIMITED	Subsidiary	$ 168,878	-	$ -	-	$ -	$ -

Aeon Motor Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 6 Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 4)
0	Aeon Motor Co., Ltd.	Aeon Future Mobility Co., Ltd.	1	Sales	($ 224,066)	Remittance within 60 days after monthly billing	(10%)
			1	Accounts Receivable	30,178	—	1%
		Ming Cheng Motor Co., Ltd.	1	Sales	(84,959)	Remittance within 120 days after monthly billing	(4%)
			1	Accounts Receivable	18,849	—	1%
		Hua Cheng Motor Co., Ltd.	1	Sales	(102,117)	Remittance within 120 days after monthly billing	(5%)
			1	Accounts Receivable	28,975	—	1%
		AEON MOTOR VIETNAM COMPANY LIMITED	1	Sales	(237)	Remittance within 60 days after monthly billing	-
			1	Others Receivable	168,878	—	6%
			1	Provisuon of endorsements and guarantees	199,583	—	7%

Note 1: As the amounts and counterparties of significant inter-company transactions are the same from the opposite transaction sides, no disclosure is required.
Note 2: 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 3: Relationship between transaction company and counterparty is classified into the following three categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.
Note 4: 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.

Aeon Motor Co., Ltd. and Subsidiaries

Information on investees

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

				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 (loss) profit of the investee for the year ended December 31, 2023	Investment (loss) income recognised by the Company for the year ended December 31, 2023	Note
Aeon Motor Co., Ltd.	Ming Cheng Motor Co., Ltd.	Taiwan	Mechanical engineering automation, and research, development and design of software	$ 15,000	$ 15,000	1,500,000	100.00	$ 47,732	$ 24,328	$ 24,328	Subsidiary
	Hua Cheng Motor Co., Ltd.	Taiwan	Mechanical engineering automation, and research, development and design of software	15,000	15,000	1,500,000	100.00	51,723	31,854	31,854	Subsidiary
	Asia Energy Ltd.	Samoa	Investment business	50,673	50,673	-	100.00	40,346	(6,776)	(6,776)	Subsidiary
	AEON MOTOR VIETNAM COMPANY LIMITED	Vietnam	Mechanical engineering automation, and research, development and design of software	311,262	311,262	-	100.00	289,889	(12,147)	(12,147)	Subsidiary
	Aeon Future Mobility Co., Ltd.	Taiwan	Mechanical engineering automation, and research, development and design of software	64,900	29,900	6,490,000	100.00	30,817	2,488	2,488	Subsidiary

(Note) Foreign currency amounts in the table are converted into NTD according to the exchange rates on the financial reporting date (USD:NTD 1:30.705; VND:NTD 1:0.00125).

Aeon Motor Co., Ltd. and Subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2023

Table 8 Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	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: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net (loss) income of investee for the year ended 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	Note
Aeon Technology Co., Ltd. (Foshan)	Wholesale of motor vehicles, motorcycles and relevant parts	$ 55,269	(Note 1)	$ 55,269	$ -	$ -	$ 55,269	($ 6,754)	100.00	($ 6,754)	$ 39,338	$ -	—

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 investment in Mainland China by the Investment Commission of MOEA (Note 2)
Aeon Motor Co., Ltd.	$ 55,269	$ 55,269	$ 1,145,568

(Note 1) Indirect investment in Mainland China through an existing company (Asia Energy Ltd.) located in the third area.
(Note 2) The limit is the net worth or 60% of the consolidated net worth, whichever is greater.
(Note 3) Foreign currency amounts in the table are converted into TWD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:TWD = 1 ：30.705); profit or loss items are converted using the average exchange rate for the year ended December 31, 2023 (USD:TWD = 1 ：31.155).

Aeon Motor Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2023

Table 9 Expressed in shares

Name of major shareholders	Number of shares held		Ownership	Note
	Common shares	Preferred shares		
A.T.V MOTOR INDUSTRIAL LTD.	6,055,495	-	8.12%	—
Jie-lin Zhong	5,456,943	-	7.32%	—
KUO CHEN CO., LTD.	4,278,447	-	5.74%	—
Hong Kong-BOLD IDEAS LIMITED	4,032,355	-	5.41%	—
Fuhong Investment Co., Ltd.	3,746,047	-	5.02%	—

(Note) The major shareholders information was derived from the Taiwan Depository & Clearing Corporation in accordance with the common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter.

The share capital which was recorded in the financial statements might be different from the number of shares held in dematerialised form because of a different calculation basis.