STOCK CODE
2258

FOXTRON

Foxtron Vehicle Technologies Co., Ltd.

2023
Annual Report

Annual Report Website
Market Observation Post System: https://mops.twse.com.tw
Company website: https://www.foxtronev.com

Printing date: April 2, 2024

1. Company spokesperson:
   Name: Wang, Li-We
   Position: Vice President
   Tel: (02) 5590-6168
   Email: ir@foxtronev.com

   Deputy spokesperson:
   Name: Chu, Yu-Liang
   Position: Senior Manager

2. Head Office, Branch Office, Factory Address and Telephone Number
   Head Office: 7F., No. 26, Baogao Rd., Xindian Dist., New Taipei City
   Tel: (02) 5590-6168

3. Stock Transfer Agency
   Name: Grand Fortune Securities Co., Ltd.
   Address: 6F, No. 6, Section 1, Zhongxiao West Road, Taipei City
   Tel: (02) 2371-1658
   Web address: https://www.gfortune.com.tw

4. Name, firm name, address, phone number, and website of the certified public accountant for the most recent financial report
   Name: Accountant Xu Jie Ru, Accountant Patrick Hsu
   Name: PwC Taiwan
   Address: 27F, No. 333, Sec. 1, Keelung Rd., Taipei City
   Tel: (02) 2729-6666
   Web address: https://www.pwc.tw

5. Name of the trading venue for the listing and trading of securities overseas: None

6. Company web address: https://www.foxtronev.com

Table of Contents

I. Business Report to Shareholders

In 2023, Taiwan's automobile market sales reached a new high in 18 years, with a total of 476,987 vehicles sold throughout the year, representing an 11% annual increase. This includes 24,479 electric vehicles, which accounts for approximately 5.1% of the total market, and a 53% growth rate of electric vehicles compared to 2022. With the promotion of policies, increasing demand, and improved usage environment for electric vehicles, the Taiwan's electric vehicle market is currently on the path of accelerated growth, complementing the positive growth that we currently experience of the global electric vehicle market, where sales are exceeding ten million units and an annual growth rate of 24%.

According to the "State of Climate Action 2023" by the Systems Change Lab, an international non-profit organization, in order to stay below a 1.5°C temperature increase by the end of the century and achieving a net-zero emissions by 2050, there are 42 established environment projects that needed to achieve its targets by 2030, but only one project that states the proportion of electric vehicles is aligned and on track with its projected targets. With the drive to build towards a sustainable development and net-zero carbon footprint, Foxtron Vehicle Technologies Co., Ltd. (hereinafter referred to as the Company), is focused on the development of its Open EV Platform to promote the popularization and penetration of electric vehicles. Initially starting from the Taiwanese market working outwards to the rest of the global markets, the Company aims to drive and accelerate the automotive industry's growth and value.

The Company's business development direction includes three major categories: passenger vehicles, commercial vehicles, and technical services. Among them, the electric bus MODEL T started delivery in June 2022. With the collective effort of our partners, a total of 120 deliveries have been completed at the end of December 2023, and are now operating and in service to the public in multiple counties and cities in Taiwan. The first passenger vehicle product, MODEL C, received its homologation certificate from various government agencies in Taiwan in October 2023, and started its mass delivery to the end-customers in the fourth quarter of the same year, and is now expanding its delivery volume following its 2024 marketing plans. Supported by the two categories of products, the Company's revenue in 2023 multiplied 2.5 times compared to 2022, more about the overview of the Company's operations of 2023 and its outlook for 2024 in the following chapters.

1. 2023 Annual Business Results

(1) Business results

The Company's consolidated operating revenue for the year 2023 was NT$1,043,992 thousand, an increase of 253% compared to the consolidated operating revenue of NT$296,033 thousand in 2022. Due to effective financial management, the net loss performed better than the internal targets.

The results of the 2023 fiscal year:

Financial Data and Profitability Analysis				
Unit: Thousands NTD; %				
Item	2023	2022	Increase (decrease) of Amount	Rate of change (%)
Revenue	1,043,992	296,033	747,959	253%
Gross profit	157,098	89,558	67,540	75%
Net (loss) from operations	(2,380,559)	(1,642,246)	(738,313)	-45%
Net loss before tax	(2,192,674)	(1,580,365)	(612,309)	-39%
Net loss after tax	(1,927,201)	(1,357,042)	(570,159)	-42%
Earnings Per Share	(1.20)	(0.87)	(0.33)	-38%

(2) Research and development status in 2023

The Company invested NT$2,394,655 thousand in research and development in 2023 to strengthen its vehicle developments, mass production, technology integration, and software construction, with the following achievements:

- MODEL B: completed the design and preliminary engineering of its commercialized version in all-wheel drive (AWD) and dual-color versions additional to its RWD format, unveiled at Hon Hai Tech Day 23 (HHTD 2023).
- MODEL C: went through its development, production trial, testing and validation, and passed the homologation process in Taiwan to obtain its licenses for public road use.
- MODEL T: maintained continuous delivery to meet market demands.
- Commercial Vehicle Platform: Showcased the results of the joint development of a domestic e-powertrain system at Hon Hai Tech Day 23 (HHTD 2023).

2. Summary of the 2024 Business Plan

(1) Business directions

A. Passenger vehicle: while MODEL C continuous expands its deliveries, the MODEL B is steadily moving towards mass production. And all vehicle models within this category are engaged in product quality and cost improvement activities, and are part of the Company’s overseas market development.

B. Commercial vehicle: continuously improving on customer satisfaction, increasing overall production capacity and capability through the enablement of the Qiaotou Industrial Park factory, and is engaged in product quality and cost improvements, as well as the development of overseas markets.

C. Company’s operations: with moving towards net zero emissions by 2050, actively implementing management teams and systems, electrification of transportation, development policies, and corporate goals.

(2) Expected sales volume

Main products	Estimated sales volume
Passenger vehicle	With Taiwan customers' pre-order volume exceeding 9,000 vehicles, the annual sales volume is expected to exceed 10,000 vehicles
Commercial vehicle	Continuously expanding new business opportunities, expected sales of over 100 vehicles

Major factors to be considered that may impact the Company's sales volume:

A. The passenger and commercial electric vehicle market continues to grow.

B. The electric vehicle infrastructure, such as charging stations, continues to improve.

C. Policies are promoting electrification of commercial vehicles.

(3) Important production and marketing policies

A. Strengthen existing customer relationships in passenger and commercial vehicles, expand new customer opportunities, and continue to develop new vehicle models.

B. Forming strong relationships with the Company's supplier and strategic partnerships to ensure technology, production capacity, delivery time, quality, and competitiveness.

C. Staying vigilant and adaptive to market dynamics and technology trends, to continuously advance its research and developments.

3. Future company development strategy

The Company is committed to 'promoting the popularization of electric vehicles with its Open EV Platform'. By sharing a platform that is enabling the collective effort and wisdom from all the platform users, development costs can therefore be reduced, development time can be shortened, and the key economies of scale is easier achievable. The Company aims to provide such a cross-customer sharing platform through its professional expertise and technical services.

With the CDMS (Contract Design and Manufacturing Service) cooperation model of the Foxconn group, the Company is playing a key role in providing design, engineering, supply chain management, and other services. The Company offers CDMS services to multiple brand customers, and through its vertical integration and technical capabilities, it expects to complement its partners in their research and development, cost efficiency, and expand their go to market options.

4. Influenced by external competitive environment, regulatory environment, and overall business environments

The operation of the Company is in accordance with relevant domestic and international laws and regulations. It is constantly paying attention to important policy and regulatory changes, as well as market trends, relevant technological developments, and industry dynamics. The Company respond to environmental changes in a timely manner and implements appropriate measures to optimize its delivery.

The Company will continue to strengthen its research and development capabilities and expand customer relationships in 2024, while continuously optimizing product quality and its cost efficiency. Its financial operations are leaning towards stable growth and long-term investments, where necessary resources are allocated based on its operating plans, such as the cultivation and nurturing of professional talents, forming robust teams to meet the diverse requirements of its customers and to be able to adapt to the ever-changing external competition and regulatory environmental challenges, while moving closer to the 2050 net zero emissions and popularizing electric vehicles goals that it set for itself. The Company's management team with all its employees are as always uphold the principles of 'integrity, professionalism, and openness' to meet the challenges of 2024 and bring value to its shareholder.

Chairman Liu, Young-Way

II. Company Profile

1. Founding Date

Date of Establishment: November 6, 2020.

Date of Stock Market Listing: November 20, 2023.

2. Company History

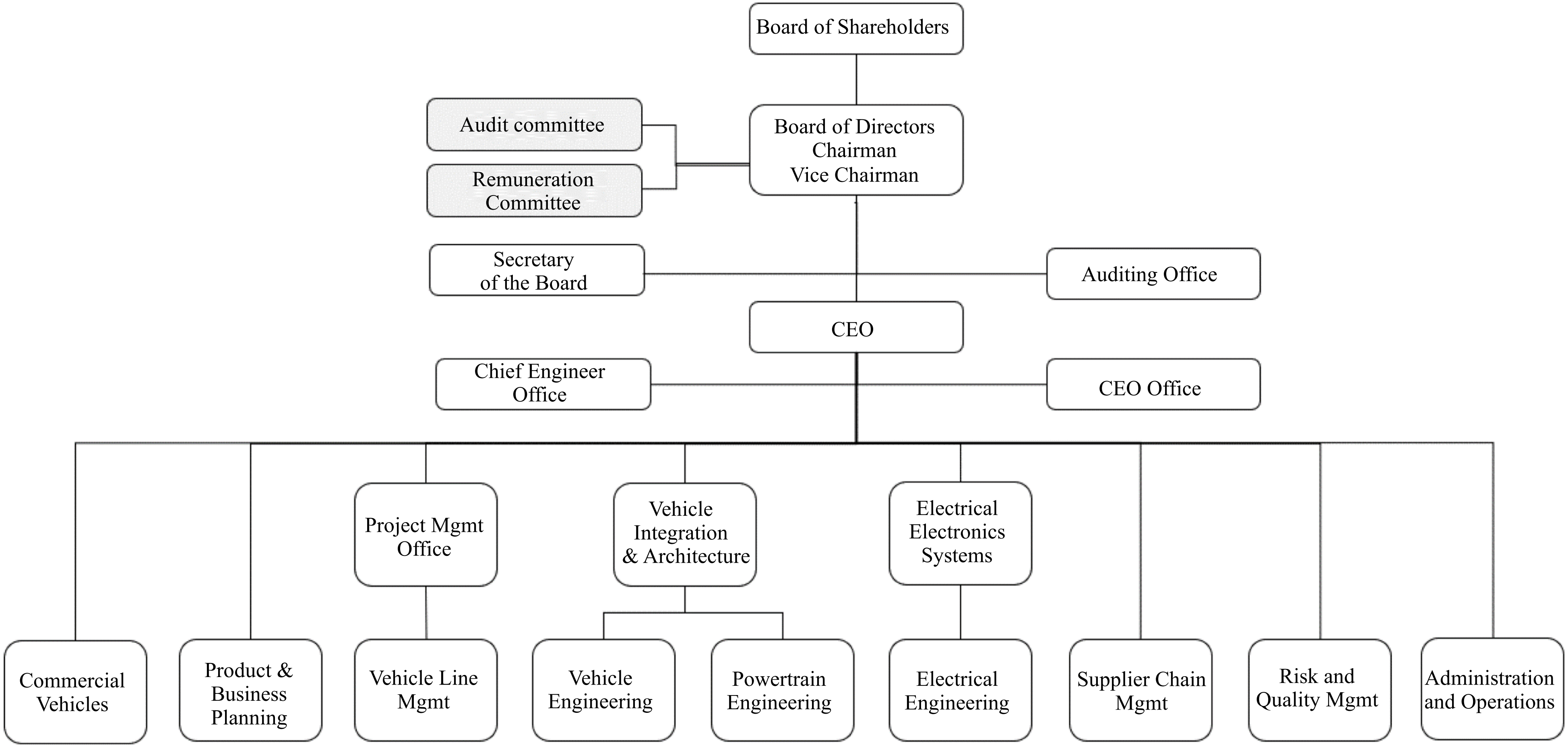
Date	Key Milestones
October 2020	HON HAI TECHNOLOGY GROUP and Yulon Group announced a joint venture to establish Foxtron Vehicle Technologies Co., Ltd. (hereinafter referred to as Foxtron Vehicle).
October 2020	Released Foxtron Vehicle's Open EV Platform.
November 2020	Foxtron Vehicle was established in Taiwan with a capital of NT$15,392,321 thousand.
March 2021	Revealed development of new models and open platform.
March 2021	Foxtron Vehicle increased its capital by NT$183,679 thousand, with a paid-in capital of NT$15,576,000 thousand.
October 2021	The achievements of autonomous driving was on display at National Museum of Marine Science & Technology.
October 2021	Unveiled three new reference design products, Model C/E/T, on HHTD21, along with the announcement of domestic customers.
December 2021	At the "Hong Kong International Motor Expo" (IMXHK), Model E was showcased in the Designers' Zone.
March 2022	Foxtron Vehicle held the delivery ceremony of Model T with the SanDi groups in Kaohsiung to build a green transportation ecosystem.
March 2022	At the "Bangkok International Motor Show" (BIMS) in Thailand, Model C was awarded the "Best Energy-Saving SUV", while Model E was awarded the "Best Concept Sedan".
June 2022	MODEL T started delivery to the end-customers.
October 2022	Model T has won the Good Design Award in Japan.
October 2022	Model E is exhibited at the "Taiwan Trade Image Exhibition" held in Washington, D.C., USA.
October 2022	On HHTD22, the reference design product of Model B and commercialized vehicle of Model C were unveiled.
October 2022	Model T, in collaboration with the Kinmen County Government to respond to the low-carbon island policy, serves as the vehicle for the Kinmen Bridge inauguration ceremony.
November 2022	As the shuttle bus for the G20 Summit, the Model T shines on the international stage once again.
December 2022	Model T, as a shuttle bus of HON HAI TECHNOLOGY GROUP, provides shuttle service around Tucheng factory area.
March 2023	Model T combines exhibition and AI technology in Kaohsiung Smart City to achieve smart transportation.
April 2023	Acquired 100% of the share capital of Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.

Date	Key Milestones
April 2023	Exhibited at the "Taipei International Automotive Electronics Exhibition" are Model C and Model B.
May 2023	Model C was displayed at Goldman Sachs TechNet Conference Asia Pacific in Hong Kong.
July 2023	Participated in the exhibition of "SDGs Asia 2023 Sustainable Expo" and showcased Model C.
October 2023	The first production vehicle of Model C has passed the qualification certificate of various branches in Taiwan and has been issued a license for road use.
October 2023	Production vehicle of Model C and commercialized vehicle of Model B were announced on HHTD23.
November 2023	Model C was showcased at the SHARP Tech-Day in Japan, marking its first appearance in Japan.
November 2023	Listed on the Taiwan Stock Exchange's Innovation Board.
December 2023	Model T has won the 32nd Taiwan Excellence Gold Award.
February 2024	Collaborating with the design company "Pininfarina", Model B was showcased at the "Geneva International Motor Show".

III.Corporate Governance Report

1. Organizational System

(1). Organizational Structure



(2). Business operations of each major department

Department	Main responsibilities
Board of Directors	Implement shareholder resolutions and decide on the company's business plan and investment proposals within the authorized scope of the shareholders' meeting.
Auditing Office	Audit the operation of internal control systems and the implementation of various regulations and rules, provide management authorities with improvement suggestions, and track the effectiveness of improvements.
Secretary of the Board	Responsible for the work related to shareholders' meetings, board of directors, and functional committees, and assisting in the implementation of relevant laws, the company's articles of incorporation, and the board of directors' and directors' responsibilities as stipulated in the relevant internal regulations.
CEO Office	Responsible for formulating future development policies, as well as new business development and corporate image management and shaping.
Chief Engineer Office	Responsible for promising technology research.
Product & Business Planning	Responsible for market research, product planning, styling design, and business development.
Commercial Vehicles	Responsible for the research and development, production, and sales of commercial vehicles (electric buses).
Vehicle Line Mgmt	Responsible for vehicle development project scheduling, cost, and quality management.
Vehicle Engineering	Responsible for engineering design and development of the vehicle body, chassis, and electrical system, as well as vehicle testing, verification, and trial assembly work.
Powertrain Engineering	Responsible for electric vehicle three-electric system design, development, and vehicle performance tuning.
Electrical Engineering	1. Responsible for the development of automotive controller software and hardware design. 2. Responsible for vehicle electrical architecture planning, integration of vehicle electronics and networking functions, and development and integration of cloud functions.
Supplier Chain Mgmt	Responsible for purchasing, researching and developing, and manufacturing the necessary raw materials, and adjusting procurement strategies in accordance with industry trends.
Risk and Quality Mgmt	1. Responsible for planning, executing, and reviewing company product quality and reliability affairs, as well as establishing a

Department	Main responsibilities
Risk and Quality Mgmt	quality assurance organizational structure and system, and planning quality-related education and training operations. 2. Develop project risk management mechanisms and processes to assist in project risk planning, risk control, and countermeasure formulation for vehicle projects. Also, monitor the overall environmental trends and potential opportunities and risks that may arise.
Administration and Operations	1. Responsible for company finance, accounting, annual budget preparation, execution, and control. 2. Responsible for company regulation compliance, contract review, and handling of related litigation cases. 3. Establish, maintain, and manage the company’s information system, and establish security controls and related mechanisms such as firewalls. 4. Handle company personnel, attendance, recruitment, general affairs administration, and other tasks.

(3). Director

March 25, 2024

Position	Nationality or place of registration	Name	Sex Age	Appointment Date	Term	Date first elected	Shareholding while elected		Current shareholding		Spouse and minor children currently hold shares		Shareholding in the name of others		Main Experience (Education)	Currently hold concurrent positions in this company and other companies	Other executives, directors, or supervisors with a spouses, or close relatives within the second degree			Remarks (Note)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Position	Name	Relationship	
Chairman	Republic of China	HON HAI PRECISION IND. CO., LTD.	–	2023.10.17 (Note 4)	3	2020.9.24	794,400,000	49.92	794,400,000	45.62	–	–	11,029,000	0.63	–	Note 1	–	–	–	–
	Republic of China	Representative: Liu, Young-Way	Male 61 ~ 70 years old	2023.10.17 (Note 4)	3	2020.9.24	–	–	–	–	–	–	–	–	Chairman of SOCLE Technology Corporation Special Assistant to the Chairman of HON HAI PRECISION IND. CO., LTD. General Manager of Princeton Technology Corporation (PTC) Founder of ADSL IC Design House, Integrated Telecom Express Inc. Founder of ITE Tech. Inc. Founder of Young Micro Systems Master of Electrical Engineering and Computer Science at the University of Southern California	Chairperson and General Manager of HON HAI PRECISION IND. CO., LTD. Chairman of Foxsemicon Integrated Technology Inc. Chairman of PowerX Semiconductor Corporation Chairman of SiliconAuto Taiwan CO., LTD. Director of Fulltime International Investment Limited Chairman of MIH Consortium Chairman of Foxtron Vehicle Technologies Co., Ltd. Director of SiliconAuto B.V. Director of Ceer National Automotive Company	–	–	–	–
Vice Chairman	Republic of China	Hua-Chuang Automobile Information Technical Center Co., Ltd.	–	2023.10.17 (Note 4)	3	2020.9.24	763,200,000	47.96	763,200,000	43.83	–	–	–	–	–	–	–	–	–	–
	Republic of China	Representative :Tso, Chi-Sen	Male 71 ~ 80 years old	2023.10.17 (Note 4)	3	2020.9.24	–	–	–	–	–	–	–	–	Special Advisor of YULON MOTOR CO., LTD Senior Deputy General Manager of Hua-Chuang Automobile Information Technical Center Co., Ltd. Special Assistant of CMC Corporation General Manager of South East (Fujian) Motor Co., Ltd. General Manager of PIHSIANG MACHINERY MFG. CO., LTD. National Chengchi University Department of Business Administration Entrepreneurial Management Research Class	Vice Chairman of YULON MOTOR CO., LTD Chairman of LUXGEN KAOHSIUNG MOTOR CO., LTD. (formerly Kaohsiung Yulon Motor Co., Ltd.) Chairman of LUXGEN TAOYUAN MOTOR CO., LTD. (formerly Taoyuan Yulon Motor Co., Ltd.) Chairman of LUXGEN TAICHUNG MOTOR CO., LTD. (formerly Taichung Yulon Motor Co., Ltd.) Chairman of LUXGEN TAIPEI MOTOR CO., LTD. (formerly Taipei Yulon Motor Co., Ltd.) Chairman of LUXGEN TAINAN MOTOR CO., LTD. (formerly Tainan Yulon Motor Co., Ltd.) Chairman and General Manager of LUXGEN MOTOR CO., LTD. Director of Yulon Finance Corporation	–	–	–	–

Position	National-ity or place of registrat-ion	Name	Sex Age	Appoint-ment Date	Term	Date first elected	Shareholding while elected		Current shareholding		Spouse and minor children currently hold shares		Shareholding in the name of others		Main Experience (Education)	Currently hold concurrent positions in this company and other companies	Other executives, directors, or supervisors with a spouses, or close relatives within the second degree			Remarks (Note)
							Shares	Share-holding ratio	Shares	Share-holding ratio	Shares	Share-holding ratio	Shares	Share-holding ratio			Position	Name	Relationship	
Director	Republic of China	HON HAI PRECISION IND. CO., LTD.	–	2023.10.17	3	2020.9.24	794,400,000	49.92	794,400,000	45.62	–	–	11,029,000	0.63	–	Note 1	–	–	–	–
	Japan	Representative: Seki Jun	Male 61 ~ 70 years old	2023.10.17	3	2023.10.17	–	–	–	–	–	–	–	–	Nidec Representative Director, President and CEO Alliance SVP (Renault, Nissan, Mitsubishi), Production Engineering Senior Vice President National Defense Academy of Japan	Foxconn and Chief Strategic Officer for EV	–	–	–	–
Director	Republic of China	HON HAI PRECISION IND. CO., LTD.	–	2023.10.17	3	2020.9.24	794,400,000	49.92	794,400,000	45.62	–	–	11,029,000	0.63	–	Note 1	–	–	–	–
	Republic of China	Representative: Huang, Ying-Shih	Male 51 ~ 60 years old	2023.10.17	3	2023.1.16	–	–	–	–	–	–	–	–	Senior Associate of EY Transaction Advisory Services Inc. Assistant Manager of SYSTEX Corporation Assistant Manager of HP Inc. National Chung Cheng University Department of Accounting and Information Technology	Note 2	–	–	–	–
Director	Republic of China	Hua-Chuang Automobile Information Technical Center Co., Ltd.	–	2023.10.17	3	2020.9.24	763,200,000	47.96	763,200,000	43.83	–	–	–	–	–	–	–	–	–	–
	Republic of China	Representative :Yao, Zhen-Xiang	Male 61 ~ 70 years old	2023.10.17	3	2020.9.24	–	–	–	–	–	–	–	–	Deputy General Manager of YULON MOTOR CO., LTD Director of YULON MOTOR CO., LTD MIB (Master of International Business) of Curtin University, Australia	Note 3	–	–	–	–
Independ-ent director	Republic of China	Sonia Sun	Female 41 ~ 50 years old	2023.10.17	3	2023.10.17	–	–	–	–	–	–	–	–	Senior Advisor, Tax and Investment Department, KPMG Law Firm in Taiwan Executive Consultant, KPMG Law Firm China Development Financial Holding Corporation/China Development Industrial Bank Legal Affairs Department Deputy Manager Master of Finance Law, Boston University, United States	Senior Consultant at Innovatus Law Independent Director of WALRUS PUMP Co., Ltd.	–	–	–	–

Position	Nationality or place of registration	Name	Sex Age	Appointment Date	Term	Date first elected	Shareholding while elected		Current shareholding		Spouse and minor children currently hold shares		Shareholding in the name of others		Main Experience (Education)	Currently hold concurrent positions in this company and other companies	Other executives, directors, or supervisors with a spouses, or close relatives within the second degree			Remarks (Note)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Position	Name	Relationship	
Independent director	Republic of China	Hsiao, Hsing-Chin	Female 51 ~ 60 years old	2023.10.17	3	2023.10.17	–	–	–	–	–	–	–	–	Member of the Professional Responsibility Identification Committee of the National Federation of Certified Public Accountants Director of the Institute of Internal Auditors and Translation Publishing Committee Member AI FinTech Association First Board of Directors Professor and Vice President of the Department of Accounting Information at National Taipei University of Business Director of the Small & Medium Enterprise Credit Guarantee Fund of Taiwan Director of the Taiwan Small & Medium Enterprise Counseling Foundation PhD in Accounting at National Chengchi University	Professor of Accounting Information Systems and Dean of the Department of Accounting Information at National Taipei University of Business	–	–	–	–
Independent director	Republic of China	Lin, Bor-Tsuen	Male 61 ~ 70 years old	2023.10.17	3	2023.10.17	–	–	–	–	–	–	–	–	Consultant, Metal Industries Research & Development Centre Dean of the College of Engineering, National Kaohsiung University of Science and Technology, First Campus RWTH Aachen University in Germany, studying Industry 4.0. Industrial Technology Research Institute Distinguished Research Fellow PhD in Mechanical Engineering from the University of Michigan, United States	Lecture Professor of Department of Mechanical and Electrical Engineering, National Kaohsiung University of Science and Technology	–	–	–	–
Independent director	Republic of China	Hwang, Hsiu-Ying	Female 61 ~ 70 years old	2023.10.17	3	2023.10.17	–	–	–	–	–	–	–	–	Director of the Department of Vehicle Engineering, National Taipei University of Technology PhD in Mechanical Engineering from the University of Iowa, United States	Associate Professor, Department of Vehicle Engineering, National Taipei University of Technology	–	–	–	–

Note: If the Chairman and the CEO or equivalent positions (top managers) of the company, is the same person, spouses, or close relatives within the first degree, please explain the reasons, rationale, necessity, and corresponding measures (such as increasing the number of independent directors, and ensuring that more than half of the directors do not concurrently hold positions as employees or managers) related to this matter: None.

Note 1: The legal representative and director of the legal person currently concurrently holds positions in this company and other companies are Baoxin International Investment Co., Ltd. Legal director, Hongyang Entrepreneurship Investment Co., Ltd. Legal director, Liyi International Investment Co., Ltd. Legal director, Hongyang Semiconductor Co., Ltd. Legal director, Hongyuan International Investment Co., Ltd. Legal director, Hongqi International Investment Co., Ltd. Legal director, Syntrend Creative Park., Ltd. Legal director, SOCLE Technology Corp. Legal supervisor, PEROBOT CO., LTD. Legal director and legal supervisor, USUN Technology Co., Ltd. Legal director, JiaTech International Investment Co., Ltd. Legal director.

Note 2: HON HAI PRECISION IND. CO., LTD. Senior Executive Director, Altus Technology Inc. Chairman, XSemi Corporation Director, iCana Ltd. Director, Advanced Power Electronics Corp. Director, Healthconn Corp. Chairman, Socle Technology Corp. Chairman, Linker Vision Co., Ltd. Director, Pan-International Industrial Corp. Director, ShunSin Technology Holdings Limited Director, Batt. Cycle Materials Co., Ltd. Director, Beijing Hengyu Electric Vehicle Rental Co., Ltd. Director, Shandong Fujijikang Intelligent Manufacturing Co., Ltd. Director, Fujipo New Business Development Group Co., Ltd. Director, PowerX Semiconductor Corporation Director, Foxconn New Energy Vehicle Industry Development (Henan) Co., Ltd. Chairman, Foxconn EV Netherlands Holdings Director, SiliconAuto B.V. Director.

Note 3: The director currently holds positions in this company and other companies as follows: Director and General Manager of Yulon Motor Co., Ltd., Director of Yulon Nissan Motor Co., Ltd., Director of Yonghan Investment Co., Ltd., Chairman of Xingqi Co., Ltd., Chairman of Yuyao Co., Ltd., Director of Taoyuan Yulon Motor Co., Ltd., Director of Luxgen Motor Co., Ltd., Director of Yulon Management Enterprise Co., Ltd., Director of Taipei Yulon Motor Co., Ltd., Director of Tainan Yulon Motor Co., Ltd., Vice Chairman of Yulon Construction Co., Ltd., Chairman of Yulon Tobe Motor Co., Ltd., Director of China Motor Corporation, Director of Yulon Finance Corporation, Vice Chairman of Guangzhou Aeolus Automobile Co., Ltd., Chairman of Yulon Philippines Investment Co., Ltd., Chairman of Advance Power Machinery Co., Ltd., Chairman of Yuke Co., Ltd., Director of Wenyang Investment Co., Ltd., Director of Qingyi Investment Co., Ltd., Director of Yulon China Investment Limited (Hong Kong), Director of Yulon Motor Investment (Hong Kong) Co., Ltd., Chairman of Yulon (China) Automobile Investment Co., Ltd., Supervisor of Dongfeng Yulon Motor Co., Ltd.

Note 4: The directors and their representatives of the corporation were appointed as directors at the special shareholders meeting on October 17, 2023, and the chairman and vice chairman were appointed at the board of directors meeting on October 20, 2023.

(4). Major shareholders of corporate shareholders

April 2, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding ratio %
HON HAI PRECISION IND. CO., LTD.	Terry Gou	12.56
	New Labor Pension Fund	2.06
	Citibank in custody for Government of Singapore Investment Account	1.88
	Standard Chartered in custody for LGT Bank Investment Account	1.19
	JPMorgan Chase Bank in custody for Vanguard STAR Developed Markets Index Fund	1.18
	JPMorgan Chase in custody for Vanguard Emerging Markets Stock Index Fund	1.15
	Citibank in custody for Norges Bank Investment Account	1.13
	Citibank in custody for Hon Hai Precision Industry Co., Ltd. Depositary Receipts Account	0.91
	Standard Chartered Bank in custody for iShares Emerging Markets ETF Investment Account	0.81
	HSBC (Taiwan) Bank Limited in custody for Morgan Stanley International Limited Investment Account	0.67

March 30, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding ratio %
Hua-Chuang Automobile Information Technical Center Co., Ltd.	Yulon Motor Co., Ltd	99.99
	HTC Corporation	0.00
	Ying Yuna Ta Investments. Co., Ltd.	0.00
	Altek Corporation	0.00

(5). The main shareholders of corporate shareholders are corporate entities, and their main shareholders

March 30, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding ratio %
YULON MOTOR CO., LTD	Tai Yuen Textile Co., Ltd.	17.43
	China Motor Corporation	16.02
	Li-Lien Chen Yen	3.19
	UBS AG, Taipei Branch in custody for Michelle Yen Trust Account	3.17
	UBS AG, Taipei Branch in custody for John Yen Trust Account	3.17
	Fan Te Investment Co., Ltd.	1.78
	Yan Tjing Ling Industrial Development Foundation	1.03
	Shih-Chung Lin	0.93
	Diamond Hosiery and Thread Co., Ltd.	0.73
	Yuea Ching Business Co., Ltd.	0.70

(6). Disclosure of director's professional qualifications and independent director independence information:

Condition / Name	Professional qualifications and experiences	Independence status	Number of independent directors serving concurrently in other publicly listed companies
HON HAI PRECISION IND. CO., LTD. Representative: Liu, Young-Way (Chairman)	Founded in 1988, Young Micro Systems established its own motherboard brand in the United States and founded IC design company ITE Tech in Silicon Valley, creating ITeX with its ADSL chipset products. ITeX was successfully listed on NASDAQ in 2001. Recruited by Terry Gou, the founder of HON HAI in 2007, he took over as chairman of Hon Hai in 2019 and proposed the "3+3" development strategy, with "electric vehicles, digital health, robots" as the three major emerging industries and "artificial intelligence, semiconductors, next-generation communication technology" as the three new technology fields as important long-term development strategies for the Hon Hai Group.	-	0
Hua-Chuang Automobile Information Technical Center Co., Ltd. Representative: Tso, Chi-Sen (Vice Chairman)	With rich experience in the automotive industry and a complete technical background, he has been involved in the design and manufacture of Yue Loong Feeling cars and held various positions in car manufacturers and car electronics factories. Currently serving as Vice Chairman of YULON MOTOR CO.,LTD, Chairman and General Manager of Luxgen Motor Co., Ltd., and Director of Yulon Finance Corporation.	-	0
HON HAI PRECISION IND. CO., LTD. Representative: Seki Jun (Director)	Joined Nissan Motor Company in 1986, served in the Japanese automotive industry for many years, and served as the Deputy COO of the Renault-Nissan-Mitsubishi Alliance in 2019. In 2023, he was recruited by HON HAI to serve as the Chief Strategy Officer of Foxconn Electric Vehicles.	-	0
HON HAI PRECISION IND. CO., LTD. Representative: Huang, Ying-Shih (Director)	Current Position: Senior Executive Director of HON HAI PRECISION IND. CO., LTD., Director of XSemi Corporation, Director of ShunSin Technology Holdings Limited, and Chairman of ALTUS TECHNOLOGY INC. Experience: Senior Associate of EY Transaction Advisory Services Inc.; Assistant Manager at Systex Corporation.	-	0

Condition / Name	Professional qualifications and experiences	Independence status	Number of independent directors serving concurrently in other publicly listed companies
Hua-Chuang Automobile Information Technical Center Co., Ltd. Representative: Yao, Zhen-Xiang (Director)	With rich experience in the automotive industry and manufacturing, he has held key positions in multiple car manufacturers, currently serving as Director and General Manager of YULON MOTOR CO.,LTD., Director of Yulon Nissan Motor Co., Ltd., Director of Luxgen Motor Co., Ltd., Director of China Motor Corporation, and Director of Yulon Finance Corporation, etc.	-	0
Sonia Sun (Independent director)	Current Position: Senior Consultant at Innovatus Law, and Independent Director of WALRUS PUMP Co., Ltd. Former Senior Advisor, Tax and Investment Department, KPMG Law Firm in Taiwan, and Executive Consultant, KPMG Law Firm.	Note 1	1
Hsiao, Hsing-Chin (Independent director)	Current Position: Professor of Accounting Information Systems and Dean of the Department of Accounting Information at National Taipei University of Business Experience: Member of the Professional Responsibility Identification Committee of the National Federation of CPA Associations of the R.O.C., Director of the Institute of Internal Auditors and Translation Publishing Committee Member, AI FinTech Association First Board of Directors, Professor and Vice President of the Department of Accounting Information at National Taipei University of Business.	Note 1	0
Lin, Bor-Tsuen (Independent director)	Current Position: Lecture Professor of Department of Mechanical and Electrical Engineering, National Kaohsiung University of Science and Technology Experience: Consultant, Metal Industries Research & Development Centre; Dean of the College of Engineering, National Kaohsiung University of Science and Technology, First Campus; RWTH Aachen University in Germany, studying Industry 4.0; Industrial Technology Research Institute Distinguished Research Fellow.	Note 1	0
Hwang, Hsiu-Ying (Independent director)	Current Position: Associate Professor, Department of Vehicle Engineering, National Taipei University of Technology Experience: Director of the Department of Vehicle Engineering, National Taipei University of Technology	Note 1	0

Note: All directors are not involved in any events stated in Article 30 of the Company Act.
Note 1: Independent directors have met in any of the situations described in Article 3, Paragraph 1 of the Regulations

Governing Appointment of Independent Directors and Compliance Matters for Public Companies in the two years before their appointment and during their term of office:

(1) Neither myself, my spouse, nor any second-degree relatives have held any positions in this company or its related enterprises.
(2) The person, the spouse, or a relative within the second degree of kinship (or anyone else whose name is used) does not hold shares of the Company.
(3) Without situations stated in Article 3 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
(4) The remuneration received for commercial, legal, financial, or accounting services provided to the Company or the affiliates in the most recent 2 years.

(7). Diversity and Independence of Board of Directors

1. Diversity of Board of Directors

The company intends to establish a diversity policy in order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors. The appointment of members of the board of directors of the company is based on the qualification and capability. They possess diverse complementary capabilities in various industries, including gender, age, nationality, and culture, as well as professional industry backgrounds and relevant experiences. This is to ensure the implementation and effective management of the company's goals and to establish a sound structure for the board of directors.

The Company has stipulated the "Corporate Governance Best Practice Principles", and shall ensure that members of the board of directors possess the necessary knowledge, skills, and qualities to fulfill their duties. To achieve the ideal goal of the company, the board of directors shall possess the following abilities:

(1). Ability to make operational judgments.
(2). Ability to perform accounting and financial analysis.
(3). Ability to conduct operation and management.
(4). Ability to conduct crisis management.
(5). Knowledge of the industry.
(6). An international market perspective.
(7). Ability to lead.
(8). Ability to make policy decisions.

The Company also places importance on gender equality in the composition of the board of directors, with three out of nine members are female, accounting for 33%. All directors of this company are not employees.

The current board of directors of the company has implemented the policy of diversity as follows:

Diversity items / Director's Name	Position	Nation-ality	Sex	Age (years)	Diversity core items							
					Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct operation and management	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions
HON HAI PRECISION IND. CO., LTD. Representative: Liu, Young-Way	Chairman	Republic of China	Male	61-70	✓	✓	✓	✓	✓	✓	✓	✓
Hua-Chuang Automobile Information Technical Center Co., Ltd. Representative: Tso, Chi-Sen	Vice Chairman	Republic of China	Male	71-80	✓	—	✓	✓	✓	✓	✓	✓

Director's Name \ Diversity items	Position	Nationality	Sex	Age (years)	Diversity core items: Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct operation and management	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions
HON HAI PRECISION IND. CO., LTD. Representative: Seki Jun	Director	Japan	Male	61-70	✓	–	✓	✓	✓	✓	✓	✓
HON HAI PRECISION IND. CO., LTD. Representative: Huang, Ying-Shih	Director	Republic of China	Male	51-60	✓	✓	✓	✓	✓	✓	✓	✓
Hua-Chuang Automobile Information Technical Center Co., Ltd. Representative: Yao, Zhen-Xiang	Director	Republic of China	Male	61-70	✓	–	✓	✓	✓	✓	✓	✓
Sonia Sun	Independent director	Republic of China	Female	41~50	✓	✓	✓	✓	–	✓	✓	✓
Hsiao, Hsing-Chin	Independent director	Republic of China	Female	51~60	✓	✓	✓	✓	–	✓	✓	✓
Lin, Bor-Tsuen	Independent director	Republic of China	Male	61~70	✓	–	✓	✓	✓	✓	✓	✓
Hwang, Hsiu-Ying	Independent director	Republic of China	Female	61~70	✓	–	✓	✓	✓	✓	✓	✓

Specific management objectives of the diversity policy, and the achievements are as follows:

A. Specific management objectives:
At least three directors among all board members must possess any one of the abilities listed above.
Individual directors must possess at least five of the above abilities.

B. Current achievements: Currently, all members of the board of directors have achieved the goal of diversity policy.

2. Independence of Board of Directors
The current board of directors of the company consists of 9 members, including 5 directors and 4 independent directors. The proportion of independent directors is 44.44%, and all independent directors have a tenure of less than 3 years.
The independent directors of the company comply with "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". There are no circumstances as specified in Article 26-3, Paragraphs 3 of the Securities and Exchange Act between the directors and independent directors. The Board of Directors of the company is independent. For information on the professional qualifications and experience of the directors and the independence of the independent directors, please refer to pages 15~16.

(8). The CEO, Senior Vice President , and the chiefs of all the company's divisions and branch units

March 25, 2024

Position	Nationality	Name	Sex	Appointment Date	Shareholding		Spouse and minor children shareholding		Shareholding in the name of others		Main Experience (Education)	Currently holding concurrent positions in other companies	Manager with spouse or within second-degree relationship			Remarks (Note)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Position	Name	Relationship	
CEO/ Head of Electrical Electronics Systems (concurrently)	Republic of China	Lee, Bing-Yen	Male	2020.9.24	1,926,000	0.11	–	–	–	–	Deputy general manager of Foxconn Interconnect Technology Limited Deputy general manager of HTC Corporation Master of Electrical Engineering at the California Institute of Technology, United States	Director of Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.	–	–	–	–
Senior Vice President/Head of Vehicle Integration & Architecture	Republic of China	Chen, Ching-Ya	Male	2020.9.24	946,500	0.05	–	–	–	–	Vehicle Project deputy general manager of Hua-Chuang Automobile Information Technical Center Co., Ltd. Deputy general manager of Technical Development Group, China Motor Corporation Master of Science in Department of Mechanical Engineering at National Cheng Kung University	Director of Nanjing Futeng New Energy Automobile Technology Co., Ltd Director of Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.	–	–	–	–
Senior Vice President/Head of Project Mgmt Office	Republic of China	Huang, Ching-Hsien	Male	2022.1.1	765,500	0.04	–	–	–	–	Supervisor of Chassis Module Integration Engineering, Ford Motor Company Vehicle Project Assistant Manager of Hua-Chuang Automobile Information Technical Center Co., Ltd. Engineering Unit Supervisor of Ford Motor Company Project Manager of Modern Engineering Master of Mechanical Engineering, University of Texas at Arlington	–	–	–	–	–
Accounting Officer	Republic of China	Huang, Chih-Ying	Female	2022.11.9	80,000	0.00	–	–	–	–	Senior officer of HON HAI PRECISION IND. CO., LTD. Chief Financial Officer of Quanyue Technology Co., Ltd National Chengchi University Department of Public Finance	–	–	–	–	–
Financial Officer	Republic of China	Ko, Hui-Ching	Female	2022.11.9	36,000	0.00	–	–	–	–	Financial Manager of FANG YUAN F&B INTERNATIONAL CO., LTD. Accountant Manager of Taiwan Steel Union Co., Ltd. Deputy Manager of Deloitte Touche Tohmatsu Limited National Chengchi University Department of Accounting	–	–	–	–	–
Chief internal Auditor	Republic of China	Lin, Tong	Female	2022.11.9	72,000	–	–	–	–	–	Casetek Holdings Limited Management Audit of Deloitte Touche Tohmatsu Limited Soochow University Department of Accounting	–	–	–	–	–

Position	Nationality	Name	Sex	Appointment Date	Shareholding		Spouse and minor children shareholding		Shareholding in the name of others		Main Experience (Education)	Currently holding concurrent positions in other companies	Manager with spouse or within second-degree relationship			Remarks (Note)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Position	Name	Relationship	
Corporate Governance Officer	Republic of China	Lu, Miao-chich	Female	2023.12.25	30,000	0.00	—	—	—	—	Senior stock services supervisor of HON HAI PRECISION IND. CO., LTD. Yuanta Securities Shareholder Services Agency Department Capital Securities Corporation Shareholder Services Department Fu Jen Catholic University Department of Finance and International Business Master of Finance	Senior stock services supervisor of HON HAI PRECISION IND. CO., LTD.	—	—	—	—

Note: If the CEO or equivalent positions (top managers) of the company, is the same person, spouses, or close relatives within the first degree, please disclose the reasons, rationale, necessity, and corresponding measures (such as increasing the number of independent directors, and ensuring that more than half of the directors do not concurrently hold positions as employees or managers) related to this matter: There is no such situation.

(9). Recent annual remuneration for directors, supervisors, and key managers

1. Remuneration for directors and independent directors

Unit: Thousands NTD

Position	Name	Director's remuneration								The total amount and the proportion of net profit after tax for items A, B, C, and D		Concurrent employees receive relevant remuneration								The total amount and the proportion of net profit after tax for items A, B, C, D, E, F, and G		Receive remuneration from investment businesses other than subsidiaries, or the parent company
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C)		Operating expenses (D)				Salary, bonuses, and special allowances, etc (E)		Retirement pension (F)		Employee compensation (G)						
																The company		All companies in the financial report				
		The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The company	All companies in the financial report	
Chairman	HON HAI PRECISION IND. CO., LTD.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Representative: Liu, Young-Way	–	–	–	–	–	–	18	–	–	–	–	–	–	–	–	–	–	–	–	–	(Note 1)
Vice Chairman	Hua-Chuang Automobile Information Technical Center Co., Ltd.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Representative: Tso, Chi-Sen	–	–	–	–	–	–	18	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Director	HON HAI PRECISION IND. CO., LTD.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Representative: Seki Jun	–	–	–	–	–	–	12	–	–	–	–	–	–	–	–	–	–	–	–	–	(Note 1)
Director	HON HAI PRECISION IND. CO., LTD.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Representative: Huang, Ying-Shih	–	–	–	–	–	–	18	–	–	–	–	–	–	–	–	–	–	–	–	–	(Note 1)
Director	Hua-Chuang Automobile Information Technical Center Co., Ltd.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Representative: Yao, Zhen-Xiang	–	–	–	–	–	–	12	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Director	HON HAI PRECISION IND. CO., LTD.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Representative: Huang, Qiu-Lian (resigned)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(Note 1)
Director	HON HAI PRECISION IND. CO., LTD.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Representative: Lin, Chung-Cheng (resigned)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(Note 1)
Director	Hua-Chuang Automobile Information Technical Center Co., Ltd.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Representative: Tsai, Wen-Jung (resigned)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Independent director	Sonia Sun	100	–	–	–	–	–	18	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Position	Name	Director's remuneration								The total amount and the proportion of net profit after tax for items A, B, C, and D		Concurrent employees receive relevant remuneration								The total amount and the proportion of net profit after tax for items A, B, C, D, E, F, and G		Receive remuneration from investment businesses other than subsidiaries, or the parent company
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C)		Operating expenses (D)				Salary, bonuses, and special allowances, etc (E)		Retirement pension (F)		Employee compensation (G)						
		The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company		All companies in the financial report		The company	All companies in the financial report	
																Cash amount	Stock amount	Cash amount	Stock amount			
Independent director	Hsiao, Hsing-Chin	100	–	–	–	–	–	18	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Independent director	Lin, Bor-Tsuen	100	–	–	–	–	–	18	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Independent director	Hwang, Hsiu-Ying	100	–	–	–	–	–	18	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1. Please specify the policy, system, standards, and structure for the remuneration of independent directors, and explain the correlation between their responsibilities, risks, time commitment, and the amount of remuneration to be paid:
   (1) Salary policy, system, standards and structure
   A. Independent director remuneration and attendance fees shall be handled in accordance with the "Director and Manager Remuneration Regulations" approved by the board of directors.
   B. Attendance fee for independent directors: For the income derived from performing business activities, it is issued based on the number of personal attendances at board meetings, audit committee meetings, remuneration committee meetings, or attendance at shareholders' meetings.
   (2) The relationship between the responsibilities, risks, time commitment, and the amount of remuneration to be paid is stated
   A. Article 26 of the company's Articles of Incorporation stipulates that director remuneration is set at zero.
   B. The remuneration of independent directors is a fixed payment received every quarter.
   C. Independent directors serve as members of the audit committee and remuneration committee, participating in discussions and decisions at committee meetings. Attendance fees are issued based on the actual number of attendances, without receiving variable compensation or any other remuneration.
   D. The company reviews the "Director and Manager Remuneration Regulations" annually to seek a balance between sustainable business operations and risk management.
2. In addition to the disclosures in the above table, the remuneration received by the company directors in the most recent fiscal year for providing services (such as serving as consultants to the parent company/other companies within the financial reports/all non-employee affiliated investment ventures) is as follows: None.

Note: On October 17, 2023, the special shareholders meeting will elect new directors, and the current directors will all step down on the same day.

Note 1: The directors of HON HAI PRECISION IND. CO., LTD.received a total remuneration of 302,398 thousand NT dollars from investment businesses other than subsidiaries, or the parent company.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Director's Name			
	Total amount of the first four remunerations (A + B + C + D)		Total amount of the first seven remunerations (A + B + C + D + E + F + G)	
	The company	All companies in the financial report (H)	The company	Parent company and all invested businesses (I)
Less than NT$ 1,000,000	–	–	–	Huang, Qiu-Lian
NTD 1,000,000 (incl.) ~ NTD 2,000,000 (excl.)	–	–	–	–
NTD 2,000,000 (incl.) ~ NTD 3,500,000 (excl.)	–	–	–	Lin, Chung-Cheng
NTD 3,500,000 (incl.) ~ NTD 5,000,000 (excl.)	–	–	–	–
NTD 5,000,000 (incl.) ~ NTD 10,000,000 (excl.)	–	–	–	Seki Jun、Huang, Ying-Shih

Ranges of remuneration paid to each of the Company's directors	Director's Name			
	Total amount of the first four remunerations (A + B + C + D)		Total amount of the first seven remunerations (A + B + C + D + E + F + G)	
	The company	All companies in the financial report (H)	The company	Parent company and all invested businesses (I)
NTD 10,000,000 (incl.) ~ NTD 15,000,000 (excl.)	–	–	–	–
NTD 15,000,000 (incl.) ~ NTD 30,000,000 (excl.)	–	–	–	–
NTD 30,000,000 (incl.) ~ NTD 50,000,000 (excl.)	–	–	–	–
NTD 50,000,000 (incl.) ~ NTD 100,000,000 (excl.)	–	–	–	–
NTD 100,000,000 or above	–	–	–	Liu, Young-Way
Total	–	–	–	5

2. Remuneration of the Supervisor

Position	Name	Supervisory Remuneration						The total amount and the proportion of net profit after tax for items A, B, and C		Receive remuneration from investment businesses other than subsidiaries, or the parent company
		Remuneration (A)		Remuneration (B)		Operating expenses (C)				
		The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	
Supervisor	Huang, Pi-Chun (Note)	–	–	–	–	–	–	–	–	–
Supervisor	Chen, Yuan-Lung (Note)	–	–	–	–	–	–	–	–	–

Note: New directors were elected at the special shareholders meeting on October 17, 2023, and an audit committee will be established in place of the supervisor

3. Remuneration of CEO and Senior Vice President

Unit: Thousands NTD

Position	Name	Salary (A)		Retirement pension (B)		Bonus and special allowance, etc. (C)		Employee remuneration amount (D)				The total amount and the proportion(%) of after-tax net profit(loss) for items A, B, C, and D		Receive remuneration from investment businesses other than subsidiaries, or the parent company
		The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company		All companies in the financial report		The company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO	Lee, Bing-Yen	3,017.82	3,017.82	108.00	108.00	14,502.98	14,502.98	—	—	—	—	(0.91)	(0.91)	—
Senior Vice President	Chen, Ching-Ya	2,228.94	2,228.94	108.00	108.00	6,371.52	6,371.52	—	—	—	—	(0.45)	(0.45)	—
Senior Vice President	Huang, Ching-Hsien	2,228.94	2,228.94	108.00	108.00	6,371.52	6,371.52	—	—	—	—	(0.45)	(0.45)	—

4. Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEx listed Company

Unit: Thousands NTD

Position	Name	Salary (A)		Retirement pension (B)		Bonus and special allowance, etc. (C)		Employee remuneration amount (D)				The total amount and the proportion(%) of after-tax net profit(loss) for items A, B, C, and D		Receive remuneration from investment businesses other than subsidiaries, or the parent company
		The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company		All companies in the financial report		The company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO	Lee, Bing-Yen	3,017.82	3,017.82	108.00	108.00	14,502.98	14,502.98	—	—	—	—	(0.91)	(0.91)	—
Senior Vice President	Chen, Ching-Ya	2,228.94	2,228.94	108.00	108.00	6,371.52	6,371.52	—	—	—	—	(0.45)	(0.45)	—
Senior Vice President	Huang, Ching-Hsien	2,228.94	2,228.94	108.00	108.00	6,371.52	6,371.52	—	—	—	—	(0.45)	(0.45)	—

<table>
<tr><th rowspan="3">Position</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Retirement pension (B)</th><th colspan="2">Bonus and special allowance, etc. (C)</th><th colspan="4">Employee remuneration amount (D)</th><th colspan="2">The total amount and the proportion(%) of after-tax net profit(loss) for items A, B, C, and D</th><th rowspan="3">Receive remuneration from investment businesses other than subsidiaries, or the parent company</th></tr>
<tr><th rowspan="2">The company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The company</th><th rowspan="2">All companies in the financial report</th><th colspan="2">The company</th><th colspan="2">All companies in the financial report</th><th rowspan="2">The company</th><th rowspan="2">All companies in the financial report</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>Accounting Officer</td><td>Huang, Chih-Ying</td><td>988.98</td><td>988.98</td><td>60.41</td><td>60.41</td><td>1,374.82</td><td>1,374.82</td><td>—</td><td>—</td><td>—</td><td>—</td><td>(0.13)</td><td>(0.13)</td><td>—</td></tr>
<tr><td>Financial Officer</td><td>Ko, Hui-Ching</td><td>869.52</td><td>869.52</td><td>53.87</td><td>53.87</td><td>837.42</td><td>837.42</td><td>—</td><td>—</td><td>—</td><td>—</td><td>(0.09)</td><td>(0.09)</td><td>—</td></tr>
</table>

5. Manager’s name and distribution status of employee remuneration: Not applicable.
6. The analysis of the total amount of remuneration paid to the directors, supervisors, CEO, and Senior Vice President of the company and its consolidated financial statements in the past two fiscal years as a percentage of the individual or separate financial report’s net profit after tax

Item / Position	Total amount and the proportion(%) of after-tax net income(loss)			
	2022		2023	
	The company	All companies in the financial report	The company	All companies in the financial report
Directors	-	-	(0.03)	(0.03)
Supervisors	-	-	-	-
CEO and Senior Vice President	(2.21)	-	(1.81)	(1.81)

7. The policy, standards, and composition of remuneration, the procedure for deciding remuneration, and the relationship with business performance and future risks
   (1). Article 26 of the company’s Articles of Incorporation stipulates that director remuneration is set at zero.
   (2). Director (including independent director) remuneration and attendance fees shall be handled in accordance with “Director and Manager Remuneration Regulations” approved by the board of directors.
   (3). Directors (including independent directors) receive attendance fees, and independent directors receive fixed remuneration on a quarterly basis. The company has not issued any variable remuneration.
   (4). CEO and Senior Vice President: The remuneration of the company’s CEO and Vice President includes salary, bonuses, and employee remuneration. Salary and bonuses are determined based on the position held, responsibilities undertaken, and contributions to the company, taking into account industry standards. Employee remuneration is handled in accordance with the Articles of Incorporation.
   (5). According to Article 26 of the company’s Articles of Incorporation, if there is a profit for the year, 5% to 7% should be allocated for employee compensation. In order to regularly evaluate manager salaries, the compensation for managers shall be handled in accordance with the “Director and Manager Remuneration Regulations” of the company. The performance evaluation items under these regulations are divided into: 1. Financial performance indicators: Based on the company’s revenue growth, after-tax profit, and budget achievement;2. Other various indicators: Calculate the remuneration for its operational performance based on two main factors: the situation of new products and the development of new market business. Review the executive remuneration system in a timely manner according to the actual operating conditions and relevant laws and regulations.

2. Corporate Governance Operation

(1). Board of Directors Operations Information

Recently, in 2023, the board of directors held 9 meetings (A), and the attendance of directors and supervisors is as follows:

Position	Name	Actual number of attendance (presence) (B)	Number of attendances by proxy	Actual attendance (presence) rate (%) (B/A)	Remarks
Chairman	HON HAI PRECISION IND. CO., LTD. Representative: Liu, Young-Way	9	0	100%	Re-election at special shareholders meeting on October 17, 2023
Vice Chairman	Hua-Chuang Automobile Information Technical Center Co., Ltd. Representative: Tso, Chi-Sen	3	0	100%	Newly appointed at special shareholders meeting on October 17, 2023
Vice Chairman	Tso, Chi-Sen	6	0	100%	Resignation at the special shareholders meeting on October 17, 2023
Director	HON HAI PRECISION IND. CO., LTD. Representative: Seki Jun	3	0	100%	Newly appointed at special shareholders meeting on October 17, 2023
Director	HON HAI PRECISION IND. CO., LTD. Representative: Huang, Qiu-Lian	6	0	100%	Resignation at the special shareholders meeting on October 17, 2023
Director	HON HAI PRECISION IND. CO., LTD. Representative: Lin, Chung-Cheng	6	0	100%	Resignation at the special shareholders meeting on October 17, 2023
Director	Hua-Chuang Automobile Information Technical Center Co., Ltd. Representative: Yao, Zhen-Xiang	3	0	100%	Newly appointed at special shareholders meeting on October 17, 2023
Director	Yao, Zhen-Xiang	6	0	100%	Resignation at the special shareholders meeting on October 17, 2023
Director	Tsai, Wen-Jung	6	0	100%	Resignation at the special shareholders meeting on October 17, 2023
Director	Huang, Ying-Shih	9	0	100%	Re-election at special shareholders meeting on October 17, 2023
Independent director	Sonia Sun	3	0	100%	Newly appointed at special shareholders meeting on October 17, 2023

Position	Name	Actual number of attendance (presence) (B)	Number of attendances by proxy	Actual attendance (presence) rate (%) (B/A)	Remarks
Independent director	Hsiao, Hsing-Chin	3	0	100%	Newly appointed at special shareholders meeting on October 17, 2023
Independent director	Lin, Bor-Tsuen	3	0	100%	Newly appointed at special shareholders meeting on October 17, 2023
Independent director	Hwang, Hsiu-Ying	3	0	100%	Newly appointed at special shareholders meeting on October 17, 2023
Supervisor	Huang, Pi-Chun	6	0	100%	Resignation at the special shareholders meeting on October 17, 2023, and an audit committee will be established in place of the supervisor
Supervisor	Chen, Yuan-Lung	6	0	100%	Resignation at the special shareholders meeting on October 17, 2023, and an audit committee will be established in place of the supervisor

Other matters required to be recorded:

1. If any of the following situations occur in the operation of the board of directors, the date and session of the board meeting, agenda, comments of all independent directors, and the company's handling of the comments of independent directors should be clearly stated:
   (1) Items listed in Article 14-3 of the Securities and Exchange Act: The company has established an audit committee, which is not subject to the provisions of Article 14-3 of the Securities and Exchange Act. For information regarding the explanation of the matters listed in Article 14-5 of the Securities Exchange Act, please refer to the operation of the Audit committee (pages 31~34).
   (2) In addition to the aforesaid issues, the resolution of the board meeting to which an independent director has an objection or reservation comments on record or stated in a written statement: None.
2. Directors' execution of abstaining from conflicts of interest should include the disclosure of the director's name, the content of the motion, the reasons for recusal of interest, and their participation in the voting process:
   (1) Appointed members of the Remuneration Committee on October 20, 2023. Stakeholders (Sonia Sun, an independent director, Hsiao, Hsing-Chin, an independent director, Lin, Bor-Tsuen, an independent director, and Hwang, Hsiu-Ying, an independent director) abstained from voting on the above proposal. The remaining attending directors had no objections and the motion was passed.
   (2) On October 20, 2023, the contract for industry-academia cooperation and academic feedback mechanism was signed. Stakeholders (Hsiao, Hsing-Chin, an independent director, Lin, Bor-Tsuen, an independent director, and Hwang, Hsiu-Ying, an independent director) abstained from voting on the above proposal. The remaining attending directors had no objections and the motion was passed.

Position	Name	Actual number of attendance (presence) (B)	Number of attendances by proxy	Actual attendance (presence) rate (%) (B/A)	Remarks
3. Assessment of the goals to strengthen the functions of the board of directors in the current and recent fiscal years (such as establishing an audit committee, enhancing information transparency, etc.) and their implementation status: The company has set up an audit committee and a remuneration committee to assist the board of directors in fulfilling its supervisory responsibilities.					

(2). Board of Directors Evaluation Execution Status:

Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content
Implement once a year	2023/01/01 to 2023/12/31	the performance evaluation regarding the board of directors, individual directors and functional committees	the performance self-evaluation regarding the board of directors, directors and functional committees	1. The performance self-evaluation regarding the board of directors should cover the following aspects: (1). Level of involvement in company operation. (2). Improvement in the quality of board decisions. (3). Composition and structure of the Board of Directors. (4). The election of the directors and their continuing professional education. (5). Internal control. 2. The performance self-evaluation regarding the directors should cover the following aspects: (1). Control of company objectives and tasks. (2). Awareness of directors' responsibilities. (3). Level of involvement in company operation. (4). Internal relationship management and communication. (5). Professional competence and continuing education of directors. (6). Internal control. 3. The performance self-evaluation regarding the functional committees should cover the following aspects: (1). Level of involvement in company operation. (2). Awareness of Functional Committee's responsibilities. (3). Improvement in the quality of Functional Committee decisions. (4). Composition of Functional Committees and selection of members. (5). Internal control. 4. Assessment result: The results of the board performance evaluation for this session have been submitted to the board and functional

Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content
				committees on February 29, 2024. The results of the board performance evaluation in 2023 are as follows: (1). The overall average score for the board of directors' self-assessment is 4.60 out of 5. The overall average score for board members' self-assessment is 4.77 out of 5. The overall evaluation of the board of directors' performance is still considered effective. (2). The Audit committee's overall average self-assessment score is 4.81 out of 5. (3). The Remuneration Committee's overall average self-assessment score is 4.81 out of 5.

(3). Information on the operation of the Audit committee or the participation of supervisors in the operation of the Board of Directors:

1. Audit committee Operation Information
   Recently, in 2023, the Audit committee held 2 meetings (A), and the attendance of independent directors is as follows:

Position	Name	Actual number of attendance (B)	Number of attendances by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent director (Convener)	Sonia Sun	2	0	100%	-
Independent director	Hsiao, Hsing-Chin	2	0	100%	-
Independent director	Lin, Bor-Tsuen	2	0	100%	-
Independent director	Hwang, Hsiu-Ying	2	0	100%	-

Other matters required to be recorded:

1. If any of the following circumstances occur in the operation of the Audit committee, the date and period of the Audit committee meeting, the content of the proposal, independent directors' objections, reservations and major suggestions, the resolutions of the Audit committee, and the Company's handling of the opinions of the Audit committee shall be stated.
   (1) Matters Listed in Article 14-5 of the Securities and Exchange Act: Please refer to Page 34 for details.
   (2) In addition to those mentioned in the foregoing, other resolutions not adopted by the Audit committee but approved by two-thirds and more of all directors: None.
2. Regarding the execution situation of conflict of interest proposals avoided by independent directors, their names, proposal content, reasons for avoiding interests, and participation in voting should be stated: None.
3. Communication among the independent directors, chief internal auditor and accountants (which should include significant matters, methods and results of communication regarding the Company's financial and business condition).

(1) Communication Policy among Independent Directors and Chief Internal Auditor and Accountants:

A. Convene the meeting at least once a year with independent directors, chief internal auditor, and accountants only, to discuss completed external audit comments from chief internal auditor and accountants, as well as communicate and record comments on deficiencies identified during the annual audit.

B. The chief internal auditor shall submit the audit report for the previous month by the end of each month, and submit the follow-up report on a quarterly basis, and submit the implementation status of the annual audit plan and improvement of internal control deficiency tracking to the independent directors for review. The progress of the audit report shall be reported to the independent directors at least once per quarter. If there are any significant abnormal events, they will be immediately reported and verified, and the independent directors will be notified. There were no such abnormal conditions in 2023.

C. The independent directors and accountants shall communicate and discuss audit planning matters and key audit matters.

D. Others: Significant abnormal incidents or matters that independent directors, chief internal auditor, and accountants deem necessary for independent communication may be discussed in meetings held irregularly and at any time.

E. As of the date of publication, the company's independent directors have had good communications with the chief internal auditor and accountants.

(2) Details of communication meetings between independent directors, chief internal auditors, and accountants only in 2023:

A. Details of chief internal auditor's communication with independent directors:

(1) The chief internal auditor holds quarterly communication meetings with independent directors. Starting from the fourth quarter of 2023, after the appointment of independent directors, only one separate meeting has been held.

(2) The status of communication is shown in the tabel below:

(i) Individual communication meeting

Date of meeting	Communication details	
2023/11/10	Attend	Sonia Sun (independent director), Lin, Bor-Tsuen (independent director), Hsiao, Hsing-Chin (independent director), Hwang, Hsiu-Ying (independent director)
	Key Summary	1. Internal audit report for the third quarter of 2023 2. Audit plan for 2024. 3. Internal audit digital transformation promotion.
	Communication result	No comments on this meeting.

(ii) Audit committee

Date of meeting	Communication details	
2023/11/10	Attend	Sonia Sun (independent director), Lin, Bor-Tsuen (independent director), Hsiao, Hsing-Chin (independent director), Hwang, Hsiu-Ying (independent director)
	Key Summary	Internal audit report for the third quarter of 2023
	Communication result	No comments on this meeting.

B. Details of communication between accountants and independent directors in separate meetings:

(1) Accountants hold separate communication meetings with independent directors every quarter. Since the fourth quarter of 2023, when independent directors were appointed, only one separate meeting has been held.

(2) Communication is detailed below:

<table>
<tr><th>Date of meeting</th><th colspan="2">Communication details</th></tr>
<tr><td rowspan="3">2023/11/10</td><td>Attend</td><td>Sonia Sun (independent director), Lin, Bor-Tsuen (independent director), Hsiao, Hsing-Chin (independent director), Hwang, Hsiu-Ying (independent director)</td></tr>
<tr><td>Key Summary</td><td>1. The accountant will communicate and discuss with the independent directors after the review of the consolidated financial statements for the third quarter of 2023.
2. Accountants communicate and discuss matters related to planning, audit plans, and non-assurance services during the planning phase.</td></tr>
<tr><td>Communication result</td><td>Independent directors have had sufficient communication with the accountants, and the independent directors have no objections.</td></tr>
</table>

4. Annual work priorities and operations of the Audit committee:

(1) Annual work priorities

A. Regularly communicate audit report results with the chief internal auditor based on the annual audit plan.

B. Regular communication is conducted with the certified public accountant of the company regarding the review or audit results of the quarterly financial statements.

C. Review financial reports.

D. Assessment of the effectiveness of the internal control system.

E. A material asset or derivatives transaction.

F. The hiring, discharge, or compensation of a certified public accountant.

G. Certified public accountant qualifications and independence assessment.

H. Review and amendment of the handling measures for major financial or business activities, such as for acquiring or disposing of assets, engaging in derivatives transactions, extending loans to others, granting endorsements or guarantees for others.

I. Compliance with applicable laws.

(2) Operation

<table>
<tr><th>Audit committee Date/No.</th><th>Proposal Content and Follow-up Processing</th><th>Independent directors' dissenting opinions, reservation, or major recommendations</th></tr>
<tr><td rowspan="2">2023/11/10
1st Session
1st</td><td>1. Certified public accountant replacement.(Note)</td><td>None</td></tr>
<tr><td>2. Revise the articles of the “Management Measures for “Financial Statement Preparation Process”, “Internal Audit Implementation Rules” (Note), “Internal Control System Self-Assessment Operation Procedures”, “Guard against insider trading operation procedures”, and “Corporate Governance Code of Practice” of the company.</td><td>None</td></tr>
</table>

	3. Amendment to provisions of "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Regulations of Ethical Conduct"	None
	4. Audit plan for 2024. (Note)	None
	5. Electric bus Qiaotou factory and research and development center investment project. (Note)	None
	Audit committee Resolution Result (2023/11/10): All committee members present agreed to adopt it.	
	Company's reactions towards the Audit committee's comments: All directors present agreed to adopt it.	
2023/12/25 1st Session 2nd	1. Amendment to provisions of "Regulations on the Exercise of Rights and Participation in Decision-making by Controlling Corporate Shareholders", "Operating Procedure for Handling Major Internal Information", "Operating Procedures for Applying for Suspension and Resumption of Trading", and "Operating Procedures for Reporting New Appointments (Resignations) of Insiders" of the company.	None
	2. Establishment of Foxtron Vehicle (Southern Taiwan Science Park) Branch Office. (Note)	None
	Audit committee Resolution Result (2023/12/25): All committee members present agreed to adopt it.	
	Company's reactions towards the Audit committee's comments: All directors present agreed to adopt it.	

Note：Matters Listed in Article 14-5 of the Securities and Exchange.

2. Involvement of supervisors in the operation of the Board of Directors

   The number of meetings and attendance of supervisors is specified in (1) Board of Directors Operations Information, and other issues that should be recorded are as follows:

1. Composition and Responsibilities of the Supervisors:
   (1) Communication between supervisors and company employees and shareholders (such as communication channels, methods, etc.) The supervisor believes it is necessary to directly communicate and have discussions with employees and shareholders when needed.
   (2) Communication between the supervisor, chief internal auditor, and accountant (such as matters, methods, and results of communication regarding the company's finances and business conditions):
      A. The supervisor and the chief internal auditor regularly communicate with each other during necessary or routine board meetings, and they maintain good communication through phone calls.
      B. The accountant's comments and reports after the audit shall be submitted for review by the supervisor, as required. The supervisor may also communicate with the company's certified public accountants at any time.
2. If the supervisor attends a board meeting and has any statements or comments, they should clearly state the date and session of the board meeting, the content of the agenda, the resolution of the board of directors, and the company's handling of the supervisor's statements or comments: None.

(4). Status of corporate governance and operation, differences in the Corporate Governance Best Practices for TWSE/TPEx Listed Companies, and the reasons

Evaluation Item	Operation			Differences in the Corporate Governance Best Practices for TWSE/ TPEx Listed Companies, and the Reasons
	Yes	No	Description	
1. Does the company follow the Corporate Governance Best Practices for TWSE/ TPEx Listed Companies to develop and disclose its corporate governance best practices?	V		The Company has established "Corporate Governance Code of Practice", which include regulations aimed at protecting the shareholders' rights and interests, strengthening the functions of the Board of Directors, respecting the stakeholders' rights and interests, and enhancing information transparency.	No significant differences.
2. The Company's shareholding structure and shareholders' equity (1) Does the company have internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation? If yes, have these procedures been implemented accordingly?	V		The company has a spokesperson, deputy spokesperson, and shareholder service agent. The contact information of the spokesperson and shareholder service agent is disclosed in the annual report, serving as a channel for handling shareholder suggestions, inquiries, and disputes to ensure shareholder rights.	No significant differences.
(2) Does the company possess a list of major shareholders who actually control the company and the persons who have ultimate control over major shareholders?	V		The company has fully grasped the list of major shareholders and ultimate controllers, and the shareholder service agent updates the relevant information at any time.	No significant differences.
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		The company establishes effective risk management mechanisms through the "Procedures for Transactions with Related Parties, Specific Companies, and Group Enterprises" and internal control systems, in accordance with relevant laws and regulations.	No significant differences.
(4) Does the company have internal norms that prohibit company insiders from trading securities using information not disclosed to the market?	V		The company has established the "Guard against insider trading operation procedures" and the "Procedures for Handling Material Inside Information", which prohibit insiders from trading securities based on undisclosed information and specify closed periods. Directors are not allowed to trade the company's stocks or other equity securities during the closed periods, that is, thirty days prior to the announcement of the annual financial report and	No significant differences.

Evaluation Item	Operation			Differences in the Corporate Governance Best Practices for TWSE/ TPEx Listed Companies, and the Reasons
	Yes	No	Description	
			the fifteen days prior to the announcement of each quarterly financial report.	
3. Composition and duties of the Board of Directors (1) Has the Board of Directors established and implemented a diversification policy and specific management objectives?	V		In accordance with "Director election method" and "Corporate Governance Code of Practice", the Company shall take into account diversity factors in the selection of members for the board of directors, ensuring that they possess the necessary knowledge, skills, and qualities to fulfill their duties.	No significant differences.
(2) Besides the Remuneration Committee and the Audit committee which are established as required by law, does the company voluntarily establish any other types of functional committees?	V		The company has established a Remuneration Committee and an Audit committee to implement corporate governance. The establishment of other functional committees will be evaluated as needed in the future.	No significant differences.
(3) Does the company have a board of directors' performance evaluation system and a method thereof, and conduct performance evaluation annually and regularly, and submit the results of performance evaluation to the board of directors for reference of individual director's salary and compensation and nomination for re-election?	V		The company passed the resolution of the Board of Directors on December 30, 2022 to establish the "Board and Manager Performance Evaluation Measures". Performance evaluations will be conducted annually, and the measurement dimensions of each functional committee will be clearly defined. The recent internal performance evaluation of the Board of Directors was conducted through self-assessment by the directors using an internal questionnaire. The results of this board performance evaluation have been submitted to the board and functional committees on February 29, 2024. The performance evaluation results will be used as a reference for the reappointment of individual directors.	No significant differences.
(4) Does the company regularly evaluate the independence of its certified public accountants?	V		When discussing the independence and suitability of appointing a certified public accountant, the board of directors of the company must provide the recommended accountant's personal resume, each accountant's independence statement, and the 'Guidelines for Audit Quality Indicators (AQI) Prepared by Accounting Firms' for the board of directors' evaluation. The board of directors of the company approved on February 29, 2024 that all	No significant differences.

Evaluation Item	Operation			Differences in the Corporate Governance Best Practices for TWSE/ TPEx Listed Companies, and the Reasons
	Yes	No	Description	
			certified public accountants meet the company’s standards for independence and suitability assessment. (There is no direct or significant indirect financial interest between the audit customer; the firm overly relies on a single customer for fees, and there is a significant and close business relationship with the audit customer... etc.).	
4. Does the TWSE/TPEx listed company have the adequate number of qualified corporate governance personnel and appoint the corporate governance officer to be in charge of corporate governance affairs (including but not limited to providing information necessary for directors and supervisors to perform their duties, assisting directors and supervisors in complying with laws and regulations, handling matters related to board meetings and shareholders’ meetings in accordance with the law, preparing minutes of board meetings and shareholders’ meetings)?	V		In order to implement corporate governance and enable the board of directors to fulfill their responsibilities to safeguard the rights and interests of investors, the company has the adequate number of qualified corporate governance personnel, and appoints Ms. Miao-Chih Lu, Senior Deputy Manager of HON HAI PRECISION IND. CO., LTD. as the Director of Corporate Governance, effective from December 25, 2023. This appointment aims to protect shareholder rights and strengthen the functions of the board of directors. Lu, Miao-chich, a senior deputy manager, has over 20 years of experience in the management of publicly traded company stocks. She is responsible for company governance-related matters and handling director compliance with laws and regulations, conducting related matters of board of directors and shareholders’ meetings, preparing minutes of board of directors and shareholders’ meetings, and assisting in arranging continuing education courses for board members, etc.	No significant differences.
5. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers) and set up a stakeholder section on the company’s website to properly respond to important CSR issues of concern to stakeholders?	V		The company’s official website has a “Stakeholder Zone” where contact information for spokespersons and relevant business departments is provided to address important corporate social responsibility issues of stakeholders (including but not limited to shareholders, employees, customers, and suppliers). Please refer to the company’s official website at https://www.foxtronev.com/tw/index.	No significant differences.
6. Does the company appoint a professional stock affairs	V		The company has appointed the shareholder service agent “Grand Fortune Co., Ltd.	No significant differences.

Evaluation Item	Operation			Differences in the Corporate Governance Best Practices for TWSE/ TPEx Listed Companies, and the Reasons
	Yes	No	Description	
agency to handle the affairs of the shareholders' meeting?			Shareholder Services Department" to handle shareholder meeting affairs.	
7. Information Disclosure (1) Does the company have a website to disclose financial operations and corporate governance information?	V		The official website of the company contains relevant information on annual financial operations and corporate governance.	No significant differences.
(2) Does the company employ other means of information disclosure (e.g., establishing an English website, appointing a person to collect and disclose company information, implementing a spokesperson system, placing the investor presentation process on the company's website)?	V		The company has an English website to disclose relevant information. The company has a spokesperson, deputy spokesperson, and a shareholder service department and relevant departments responsible for disclosing relevant information in accordance with regulations.	No significant differences.
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		The company was listed on November 20, 2023. The annual financial report and the third quarter financial report were announced and filed within the prescribed legal deadlines. Additionally, the company's revenue information was announced on the 5th of the following month.	No significant differences.
8. Has the Company disclosed other important information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, directors' and	V		(1) Employee rights: The company provides subsidies for marriage, funeral, childbirth, and other occasions, and regularly organizes employee health checks to ensure the well-being of employees. We also offer travel allowances to enrich leisure activities for colleagues and improve team-building. (2) Employee care: All the management regulations of the company are based on the interests of the employees. We care about	No significant differences.

Evaluation Item	Operation			Differences in the Corporate Governance Best Practices for TWSE/ TPEx Listed Companies, and the Reasons
	Yes	No	Description	
supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?			their lives and welfare, and establish reasonable salary and benefits. (3) Investor relations: The company has a spokesperson and deputy spokesperson system responsible for handling shareholder inquiries and suggestions. (4) Supplier relations: The company has a good supply chain relationship with suppliers, achieving overall production cost optimization. (5) Rights of stakeholders: Stakeholders may communicate with and provide suggestions to the Company in order to protect their legal rights. (6) Continuing education of directors: All directors of the company have industry expertise and practical experience in management. (Please refer to the table below for further information on the continuing education). (7) Implementation of Risk Management Policies and Risk Measurement Standards: The company has established various internal regulations and internal control systems in accordance with the law, and conducts various risk management and assessments. The internal audit unit regularly and irregularly checks the implementation of internal control systems. (8) Implementation of customer policies: The company maintains close contact with customers and maintains a good relationship. (9) Situation of the company purchasing directors' liability insurance: In order to protect directors from personal liability and financial losses caused by third-party lawsuits arising from the performance of their duties, the company has purchased directors' liability insurance. The company reported the latest annual insurance situation to the board of directors on February 29, 2024. The insurance period is from January 15, 2024, to January 15, 2025.'	

Evaluation Item	Operation			Differences in the Corporate Governance Best Practices for TWSE/ TPEx Listed Companies, and the Reasons
	Yes	No	Description	
9. Please describe the improvements that have been made and propose priorities and measures to strengthen those that have not yet been improved with respect to the results of the corporate governance evaluation issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year. (Not applicable for unlisted companies, please leave blank): The company has not been listed for less than one year, so it is not applicable.				

The continuing education of the directors of the company in 2023:

Position	Name	Advanced training date	Organizer	Course Title	Hours of Continuing Education
Chairman	Liu, Young-Way	2023/04/20	Corporate Operating And Sustainable Development Association	Corporate Governance and Securities Regulations - The Understanding of Senior Executives in Listed Companies Regarding Regulatory Supervision by Authorities	3
		2023/12/12	Corporate Operating And Sustainable Development Association	Discussing the business operations and merger and acquisition strategies of Taiwanese businesses from a global political and economic perspective	3
Vice Chairman	Tso, Chi-Sen	2023/09/06	Taiwan Corporate Governance Association	Exploration of Sustainable Risk Trends and Response Strategies	3
		2023/09/06	Taiwan Corporate Governance Association	Enhance digital resilience and develop a strengthened security governance strategy for listed companies	3
Director	Yao, Zhen-Xiang	2023/09/06	Taiwan Corporate Governance Association	Exploration of Sustainable Risk Trends and Response Strategies	3
		2023/09/06	Taiwan Corporate Governance Association	Enhance digital resilience and develop a strengthened security governance strategy for listed companies	3
Director	Seki Jun	2023/12/12	Corporate Operating And Sustainable Development Association	Discussing the business operations and merger and acquisition strategies of Taiwanese businesses from a global political and economic perspective	3
Director	Huang, Ying-Shih	2023/10/24	Corporate Operating And Sustainable Development Association	Analysis of legal regulations and practical cases of insider trading	3
Independent director	Sonia Sun	2023/12/12	Corporate Operating And Sustainable Development Association	Discussing the business operations and merger and acquisition strategies of Taiwanese businesses from a global political and economic perspective	3

Position	Name	Advanced training date	Organizer	Course Title	Hours of Continuing Education
Independent director	Hsiao, Hsing-Chin	2023/12/12	Corporate Operating And Sustainable Development Association	Discussing the business operations and merger and acquisition strategies of Taiwanese businesses from a global political and economic perspective	3
Independent director	Lin, Bor-Tsuen	2023/12/12	Corporate Operating And Sustainable Development Association	Discussing the business operations and merger and acquisition strategies of Taiwanese businesses from a global political and economic perspective	3
Independent director	Hwang, Hsiu-Ying	2023/12/12	Corporate Operating And Sustainable Development Association	Discussing the business operations and merger and acquisition strategies of Taiwanese businesses from a global political and economic perspective	3

The company's corporate governance officer's continuing education in 2023:
Lu, Miao-chich, the Senior Deputy Manager in charge of corporate governance, took office on December 25, 2023. As she has been in her position for less than a year, there have been no continuing education for her in 2023.

(5). Remuneration Committee and its composition, responsibilities, and operation:

1. Remuneration Committee Member Information

<table>
<tr><th colspan="2">Condition
Status Name</th><th>Professional qualifications and experiences</th><th>Independence status</th><th>Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of the Remuneration Committee</th></tr>
<tr><td>Independent Director (Convener)</td><td>Hsiao, Hsing-Chin</td><td colspan="2" rowspan="4">The remuneration Committee of the company is composed of four independent directors. Please refer to the "Disclosure of Directors' Professional Qualifications and Independent Director Independence Information" in this annual report for the qualifications, experience, and independence of the committee members. (Pages 15~16.)</td><td>-</td></tr>
<tr><td>Independent director</td><td>Sonia Sun</td><td>1</td></tr>
<tr><td>Independent director</td><td>Lin, Bor-Tsuen</td><td>-</td></tr>
<tr><td>Independent director</td><td>Hwang, Hsiu-Ying</td><td>-</td></tr>
</table>

2. Duties of the Remuneration Committee
   (1). Review the Remuneration Committee Charter on a periodic basis and provide advices on its revision;
   (2). Establishing and periodically reviewing the performance assessment standards of the directors and managers, along with the annual and long-term performance target, and the policies, systems, standards, and structure for the remuneration, and the content of the performance evaluation standards shall be disclosed in the annual report.
   (3). Regularly evaluate the achievement of performance goals for the directors and managers of the company, and determine the content and amount of their individual salary compensation based on the evaluation results obtained according to performance evaluation criteria.

3. Information on the Operation of the Remuneration Committee
   (1). The Company's Remuneration Committee comprises 4 members.
   (2). Term of office of current members: October 20, 2023 to October 16, 2026. The Remuneration Committee has held two meetings recently (A). The qualifications of the committee members and their attendance are as follows:

Position	Name	Number of actual attendance (B)	Number of attendances by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Hsiao, Hsing-Chin	2	0	100%	
Member	Sonia Sun	2	0	100%	
Member	Lin, Bor-Tsuen	2	0	100%	
Member	Hwang, Hsiu-Ying	2	0	100%	

Other matters required to be recorded:
1. The board of directors does not adopt or amend the recommendations of the remuneration committee: None.
2. An objection or reservation on record or stated in a written statement for the Remuneration Committee resolutions: None.
3. Discussion topics and resolution results of the Remuneration Committee, as well as the company's handling of members' comments

Date of meeting	Discussion topics	Resolution Results	Handling of member comments by the company
2023/11/10	Revision of certain articles of the company's "Director and Manager Remuneration Regulations".	The committee unanimously approved with all members present.	The board of directors is approved by all attending directors.

(6). Promotion and implementation of sustainable development, and the differences in the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons

Promotion Item	Implementation Status			Differences in the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
1. Does the company have a governance framework in place to promote sustainable development and a dedicated (concurrent) unit for fulfilling sustainable development, with the board of directors authorizing senior management to handle such efforts, and having relevant progress supervised by the board of directors?	V		The company has set up a "Sustainable Development Promotion Team" under the CEO Office to promote the sustainable development of the enterprise, with CEO Mr. Lee, Bing-Yen serving as the convener. The "Sustainable Development Promotion Team" is responsible for formulating and supervising the implementation progress and effectiveness of the sustainable development business policy of the company and the various projects of each business unit. Hold meetings irregularly according to the topic orientation, identify sustainable issues of concern to the company's operations and stakeholders, formulate corresponding strategies and work policies, allocate budgets for each organization related to sustainable development, plan and implement annual plans, track implementation effectiveness, and ensure that sustainable development strategies are fully implemented in the company's daily operations. The "Sustainable Development Promotion Team" convenes work meetings as needed to discuss the implementation of various group tasks, and reports annually (at least once a year) to the board of directors on the results of sustainable execution and future work plans. The agenda includes (1) identifying sustainable issues that need attention and formulating corresponding action plans; (2) goals and policy revisions related to sustainability issues; (3) supervising the implementation of sustainable business matters and evaluating the implementation status. The board of directors will assess the likelihood of strategic success and execution progress, and urge the management team to make adjustments when necessary.	No significant differences
2. Does the company perform risk assessments on environmental, social and corporate governance issues related to the	V		The disclosure information has reported the company's sustainable development performance at major locations for the period January to December 2023. The risk assessment	No significant differences

Promotion Item	Implementation Status			Differences in the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
company’s operation based on the materiality principle and develop relevant risk management policies or strategies?			boundary and scope primarily focused on the company’s operations in Taiwan. The company has established the “Sustainable Development Best Practice Principles” to regulate all employees to comply with together; at the same time, referring to international relevant standards and norms, focus of various stakeholders, etc., evaluating significant ESG issues, using them as important basis for corporate sustainable development, and devising, planning corresponding specific action plans to reduce risks that may be faced in operations. The Company adopts three lines of defense in internal control as a risk management mechanism. The first line of defense refers to each business unit's responsibility for the risks arising from its daily affairs based on its functions and business scope, and the implementation of risk assessments for the core business of the information security division; the second line of defense includes risk management, legal compliance and other specialized units (such as Occupational safety, etc.), assist and supervise the first line of defense in risk identification and management; the third line of defense is provided by the internal independent auditing office as the last step. For the first two lines of defense, the audit department will inspects, supervises, and tracks the progress of improvement of deficiencies, and synchronizes or make complete disclosures to the board of directors on a regular basis to ensure that the company's risk management system is effective.	
3. Environmental Issues (1) Does the company have an appropriate environmental management system developed based on its industry characteristics?	V		The company is mainly engaged in electric vehicle technology research and development, vehicle and component manufacturing management, and sales services, and outsources assembly production to contract manufacturers, without directly engaging in production manufacturing itself, so environmental pollution incidents should not occur. The company’s “Sustainable Development Promotion Team” serves as the leading unit	No significant differences

Promotion Item	Implementation Status			Differences in the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
			responsible for supervising climate change governance issues within the company. It is convened by CEO Mr. Lee, Bing-Yen, leading the team to convene various units to identify climate-related risks and opportunities, formulate response strategies, manage goals, and implement corporate goal execution. Progress is reviewed regularly each year and implementation results are reported to the board of directors. In 2023, a climate risk and opportunity identification mechanism is introduced to identify important environmental issues, establish environmental sustainable development strategies and goals. It follows and implement the Greenhouse Gas Protocol (GHG Protocol) for greenhouse gas inventory and assurance by external parties to achieve carbon reduction goals. Relevant management systems and performance will be disclosed on the company's official website and in the corporate Sustainability Report.	
(2) Is the company committed to improving energy efficiency and using renewable materials that have a low impact on the environment?	V		The company is committed to promoting energy saving, carbon reduction, and improving the efficiency of various resources, such as: Using energy-saving lighting, setting time switches to effectively control the electricity consumption of air conditioning, continuously digitizing to reduce paper usage, and implementing office resource recycling measures to reduce environmental impact. Currently, the company does not use renewable energy sources.	No significant differences
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the business now and in the future, and take appropriate action to address them?	V		In response to climate change risks, the company has established a "Sustainable Development Team" under the CEO Office, with this team serving as the lead unit responsible for overseeing climate change governance issues within the company. Following the TCFD framework on climate risks and opportunities, identification and assessment are conducted on the potential impacts of climate change on the company's operations. In 2023, after workshops and discussions with	No significant differences

<table>
<tr><th rowspan="2">Promotion Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Differences in the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>various departments on operational conditions, 8 climate-related risks and 4 opportunities relevant to the company were identified and evaluated, with 3 selected as significant annual climate risk and opportunity issues; detailed explanations will be disclosed in the company's 2023 Sustainability Report.</td><td></td></tr>
<tr><td>(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</td><td>V</td><td></td><td>To mitigate the impact of climate change and reduce greenhouse gas emissions, the company gradually adds electric vehicles for registration starting from October 2023, gradually phasing out gasoline official vehicles. By 2024, existing gasoline official vehicles will be gradually converted to electric vehicles. At the end of the same year, the company will also follow and implement the Greenhouse Gas Protocol(GHG Protocol) for greenhouse gas inventory and obtain external assurance (Assurance Report date 2024/04/17).
Greenhouse gas emissions in the past year
<table><tr><th></th><th>Total Emissions (ton-CO2e)</th><th>Intensity (ton-CO2e per million dollars)</th></tr><tr><td>Category One</td><td>170.5341</td><td>0.1646</td></tr><tr><td>Category Two</td><td>938.4218</td><td>0.9056</td></tr><tr><td>Total</td><td>1,108.956</td><td>1.070</td></tr></table>Note: Data verification scope in 2023: The greenhouse gas emissions of the company in Taiwan.

In water resources protection and management, water conservation, reduction, and installation of water-saving equipment are adopted as water management policies.
In waste management policies and initiatives, the Company advocates the concept of circular supply and resource recycling, and continues to promote waste reduction at the source and strengthen waste classification and recycling.
Details will be disclosed in the Company's 2023 Sustainability Report.</td><td>The Company was listed on the stock exchange in November 2023 in compliance with legal regulations.</td></tr>
<tr><td>4. Social Issues
(1) Does the company establish</td><td>V</td><td></td><td>The company establishes "work rules" in accordance with Labor Standards Act to</td><td>No significant differences</td></tr>
</table>

Promotion Item	Implementation Status			Differences in the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
its management policies and procedures in accordance with relevant regulations and the International Bill of Human Rights?			protect the legitimate rights and interests of employees. The company also follows internationally recognized labor human rights, and does not discriminate in the use of human resources based on gender, race, socio-economic status, age, marital status, or family situation, to ensure equality and fairness in employment, employment conditions, remuneration, benefits, training, performance evaluation, and promotion opportunities. In order to prevent workplace sexual harassment, the company has formulated the "Regulation for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace and established a Complaint Handling Committee responsible for handling related complaints. Provide effective and appropriate complaint mechanisms for incidents that harm workers' rights, ensuring equality and transparency in the complaint process.	
(2) Has the Company established and implemented reasonable employee welfare measures (including salary/compensation, leave, and other benefits, etc.), and are business performance or results appropriately reflected in employee salary/compensation?	V		1. Employee welfare measures: The company has established and implemented reasonable employee welfare measures (including salaries, group insurance, holiday bonuses or gifts, and marriage, funeral, and maternity subsidies etc.), and set up an Employee Welfare Committee to coordinate welfare activities. The company's leave policies are handled in accordance with the Labor Standards Act, labor leave regulations, and other regulations specifying dates for holidays designated by central authorities, encouraging employees to take adequate rest and balance work and life. 2. Business performance reflected in employee remuneration: According to Article 26 of the Company's Articles of Incorporation, 5% ~ 7% of profit (if the Company gains profits) of the current year shall be set aside as the employees' compensation. Details will be disclosed in the Company's 2023 Sustainability Report.	No significant differences

Promotion Item	Implementation Status			Differences in the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
(3) Does the company provide a safe and healthy work environment for its employees and conduct regular safety and health training for its employees?	V		1. The company has established an occupational safety and health plan, including plans to prevent human-induced hazards, protect maternal health, prevent unlawful infringement in performing duties, and prevent diseases caused by abnormal workloads, in pursuit of the goal of zero disasters, zero occupational diseases, and zero accidents.Safety and Health educational training are also conducted to new employees and current employees to enhance employees' safety awareness, with a total of 552 person-time in 2023. 2. For personal safety and working environment protection measures in the workplace, please refer to Chapter 5, Section 5 "Labor-Management Relations" of this annual report. In 2023, there were 13 occupational disasters in the workplace while no fire incidents. The company conducted an accident investigation for each occupational disaster, identify the main causes of accidents, and strengthen necessary safety and health educational training to reduce the occurrence of similar accidents, strengthen personnel safety and health concepts to reduce disaster risks for employees and property. 3. The company has established the "Labor Safety and Health Work Guidelines" for employees to follow, and to improve the safety and health work environment of employees, the following methods are implemented: (1) Conduct employee physical examination once a year. (2) Insure employees with group insurance to provide employees with high coverage. (3) Implement a smoke-free working environment to allow employees to work in a comfortable and healthy environment. (4) Organize employee activities and travel activities from time to time to enrich colleagues' leisure activities and enhance friendship. (5) Obtain the office fire equipment periodic	No significant differences

Promotion Item	Implementation Status			Differences in the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
			inspection and declaration data from the management committee once a year, and improve any deficiencies. (6) Inspect official vehicles according to the specified mileage and arrange automobile insurance. Details will be disclosed in the Company's 2023 Sustainability Report.	
(4) Does the company have an effective professional competency development training program for employees?	V		The company encourages employees to undergo training at external units according to their career plans and business needs, and occasionally holds internal educational training courses to enhance employees' self-cultivation. Details will be disclosed in the Company's 2023 Sustainability Report.	No significant differences
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling, and are relevant consumer protection or customer rights protection and complaint procedure policies implemented?	V		The company follows relevant laws and international standards in providing products and services, and places importance on the protection of related intellectual property rights. There is a "Personal Data Protection Regulation" to ensure that the collection, processing, and utilization of data comply with regulations; Confidential measures are taken for customer data, and employees are required to sign documents such as "Employee Self-Discipline Agreement," "Service Agreement," "Commitment to Compliance with Personal Data Protection Laws and Other Relevant Regulations," "Confidentiality Agreement," and "Integrity and Intellectual Property Rights Agreement" upon employment to implement the principle of customer data confidentiality. Through customer satisfaction surveys, objective methods are used to understand whether the products and services provided can meet customer needs from different customer groups, as a basis for continuous improvement. The company's official website has a contact person responsible for customer inquiries or complaints, and major issues are discussed at management meetings and dealt with promptly.	No significant differences
(6) Does the company have a supplier management policy that requires	V		The company requires suppliers to comply with local laws and the company's corporate social responsibility code of conduct. In procurement	No significant differences

Promotion Item	Implementation Status			Differences in the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
suppliers to follow relevant norms on issues, such as environmental protection, occupational safety and health, or labor human rights? If so, describe its implementation status.			activities, social responsibility and environmental benefits are fully considered, prioritizing the purchase of environmentally friendly products and services, balancing economic and environmental benefits. Optimize and improve green procurement standards and management systems, jointly implement environmental protection, energy conservation, carbon reduction, zero waste, green product management with upstream and downstream suppliers, and build a sustainable supply chain. Therefore, this is to establish "Procurement Operation Management Procedures" and "Supplier Procurement Management Procedures" to supervise and audit suppliers. Details will be disclosed in the Company's 2023 Sustainability Report.	
5. Does the company refer to the international standards or guidelines for the preparation of reports to prepare Sustainability Reports and other reports that disclose non-financial information? Does the aforementioned reports acquire the assurance or guarantee of the third-party certification unit?	V		The company's Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards for Sustainability Reporting, United Nations Sustainable Development Goals (SDGs), and other indicators, disclosing strategies, goals, and specific performance on environmental, social, and corporate governance aspects, as well as major thematic policies. Some performance data in the company's 2023 Sustainability Report and the assurance criteria and assurance level have been audited by PwC Taiwan in accordance with the Assurance Standard No. 3000 of the Republic of China "Assurance Engagements Other Than Historical Financial Information Audit or Review," providing a limited assurance report on the selected key performance indicators (expected Assurance Report date 2024/06/30).	The company has been listed on the stock exchange in November 2023 in accordance with legal regulations.
6. Describe the differences between actual practice and the sustainable development principles, if the company has formulated such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: The company has established the "Sustainable Development Best Practice Principles" and will continue to implement it in accordance with its regulations, with no significant differences in the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".				
7. Other important information to facilitate a better understanding of the Company's implementation of sustainable development: The status of other sustainable development initiatives is disclosed in the Company's 2023 Sustainability Report.				

(7). Climate-related information of listed and OTC companies

1. Climate-related information implementation status

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td>1. Describe the supervision and governance of climate-related risks and opportunities by the board of directors and management.

2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the company in the short, medium, and long term.</td><td>1. The Board of Directors of the Company is the highest supervisory unit for climate change governance, responsible for supervising the main coordinating unit, the “Sustainable Development Promotion Team.” The Sustainable Development Promotion Team is chaired by the CEO, leading the team members to convene various units to identify climate-related risks and opportunities, formulate response strategies, manage objectives, and implement corporate goal execution. The Sustainable Development Promotion Team reports the implementation results to the Board of Directors annually, and the Board of Directors supervises and reviews various risk management strategies and decision-making processes.
2. The company introduced a climate risk and opportunity identification mechanism in 2023, conducting preliminary assessments based on the company’s current development strategy, regulatory requirements in the company’s locations, industry characteristics, and market trends, and identifying important climate risks and opportunities through workshops and interviews with various departments. We assess the impact level, estimated impact duration, and impact on the value chain of each important risk and opportunity issue as shown in the table below:
<table>
<tr><th colspan="3">Climate risk</th><th>Risk Description</th><th>Impact Period</th><th>Value Chain Impact Scope</th></tr>
<tr><td rowspan="2">Transformation Risk</td><td rowspan="2">Policy and Regulations</td><td>Total/Carbon tax/Carbon fee control</td><td>Currently, the industry categories subject to carbon fee in Taiwan do not include the industry category to which the company belongs. However, in response to global climate change, government net zero carbon emission targets, greenhouse gas reduction requirements, and increasingly stringent energy-saving policy regulations, operating costs may increase in the future. The imposition of carbon fees may lead to an increase in Taiwan Power Company’s generation costs, indirectly passing on electricity costs to users, resulting in fluctuations in electricity prices and an increase in the cost of purchasing energy for the company.
Although the industry category does not include electric vehicles, we will continue to follow up new regulations such as the EU Carbon Border Adjustment Mechanism (CBAM), as upstream metal raw material suppliers may be affected leading to increased raw material costs.</td><td>Mid-term
(3 ~ 5 years)</td><td>Self-operation
Upstream
Supplier</td></tr>
<tr><td>Product and service</td><td>The company is mainly engaged in electric vehicle technology research and development, vehicle and component manufacturing</td><td>Mid-term
(3 ~ 5 years)</td><td>Self-operation
Upstream</td></tr>
</table></td></tr>
</table>

			mandatory regulations	management, and sales services. Faced with laws set by countries around the world to encourage or mandate the use of electric vehicles, while it can expand the market and increase sales opportunities, it also faces the gradual popularization of electric vehicles. Governments are gradually reducing the super credits for energy consumption regulations for electric vehicles, reducing new energy vehicle taxes and duties (for example, Taiwan's electric vehicle cargo tax is halved, and license taxes are fully exempt) and other exit scenarios. At the same time, regulatory authorities require manufacturers to recycle batteries, increase processing fees, raise battery warranty periods, and improve production records in response to regulatory requirements, all of which may increase organizational operating costs and risks.		Supplier Downstream Customer
		Technology	Cost of transitioning to low-carbon technology	The company is a design and development company for electric vehicles, platforms, and components. If the products do not have a certain market share, it will lead to a decrease in the return on investment in new technology development in the early stage, prolong the payback period, and ultimately affect the company's profit performance and even lead to the risk of losses.	Long-term (5 years or longer)	Self-operation Downstream Customer
		Market	Changes in customer behavior	In the early stages of electric vehicle development, consumers' purchasing intentions may be affected by issues such as high prices of pure electric vehicles and insufficient charging infrastructure, leading them to continue buying gasoline vehicles or switch to purchasing hybrid vehicles, thereby prolonging the transition period of purchasing intentions. Electric vehicle products need to wait for sufficient supply and a more friendly charging environment. Electric vehicles have the opportunity to become consumers' ultimate choice. During this transition period, the company's sales volume may not continue to grow due to consumer indecision, leading to operational development crisis. Therefore, the company will continue to track market trends to maintain our competitiveness.	Mid-term (3 ~ 5 years)	Self-operation Downstream Customer
			Rising costs of raw materials and energy	In the competitive situation among various car manufacturers, the prices of main raw materials such as lithium, cobalt, nickel, and other rare metals in batteries increase according to market supply	Short-term (0 ~ 3 years)	Self-operation Upstream

			resources	and demand, leading to higher purchase costs. In addition, the company may encounter natural disasters such as floods, inundation, heavy rain, snowstorms, etc., in the location of suppliers, which may require the activation of alternative parts or seeking other suppliers. If there is an urgent situation with the expected delivery date, the transportation mode may need to be changed from sea freight to air freight, resulting in increased transportation costs, and there may even be fines due to delayed delivery, leading to an overall cost increase. In terms of energy resources, the implementation of carbon fees and the transition to green energy policies may indirectly cause an increase in the company's cost of purchasing energy resources, leading to an overall cost increase.		Supplier Downstream Customer
		Reputation	Stakeholder concerns and negative feedback	If companies fail to effectively manage climate risks, resulting in huge losses, or fail to seize climate opportunities, it may bring negative publicity to the company, affect the corporate brand image, reduce investors' willingness to invest in the company, or weaken consumer brand preferences, thereby affecting product sales.	Mid-term (3 ~ 5 years)	Self-operation
	Physical Risks	Climate events caused by extreme weather (including floods, typhoons)		The occurrence of disasters caused by extreme weather (such as typhoons, floods, etc.) may result in employees unable to go to work, causing problems in manpower allocation leading to project delays affecting delivery schedules; disasters may also cause damage to property and equipment, increasing equipment maintenance and operating costs; in addition, it may also lead to unstable supply situations from upstream suppliers, causing contract manufacturers' production to be disrupted, thereby affecting delivery schedules.	Short-term (0 ~ 3 years)	Self-operation Upstream Supplier Downstream Contract Manufacturers and Customers
		Changes in precipitation (water) patterns and long-term extreme changes in climate, such as: Leading to water resource shortages,		Due to global warming causing continuous rise or instability in temperatures, the design and specification standards of vehicle materials need to be enhanced due to climate change (e.g. heat resistance or cold resistance), and the corresponding verification costs generated during the research and development process will also increase. The increasingly serious global warming leads to continuous rise	Mid-term (3 ~ 5 years)	Self-operations, upstream suppliers, downstream contract manufacturer, and customer

	rising average temperatures		or instability of temperature, and the expected increase in energy consumption such as electricity, water, gas, etc., thereby increasing operating costs. For upstream suppliers, in addition to the unstable supply caused by changes in shipping routes and delayed delivery dates, the scarcity of water resources may also hinder the production of whole vehicle components (e.g. automotive computer system chips) and affect the assembly schedule of contract manufacturers.		
Opportunities	Market	Develop new markets	The company is launching a low-carbon, high-efficiency, modular passenger car - electric vehicle, which will become the flagship product of environmentally friendly mobile vehicles. With the increasing public awareness of environmental protection, people tend to choose transportation methods with lighter environmental burdens and lower pollution in their daily lives. Coupled with the prevalence of the sharing economy, buying a car is no longer a necessary option. Public transportation will gradually become an important low-carbon transportation method. Therefore, the company actively develops commercial mobile vehicles - electric buses, hoping to become a blue ocean of electric vehicles under the sustainable trend.	Short-term (0 ~ 3 years)	Self-operation Downstream Customer
	Innovative Products and Services	R&D and innovation of low-carbon products and services	In response to the market's demand for low-emission transportation, continuous innovation and optimization are carried out on the existing product line (such as networking, intelligence, lightweight, etc.) to meet consumer expectations and drive the company's performance improvement. The company invests a large amount of research and development funds for different types of vehicles to ensure continuous technological innovation and competitiveness, allowing consumers to choose corresponding vehicles according to their needs, thus optimizing resource utilization.	Short-term (0 ~ 3 years)	Self-operation Downstream Customer

	Resource Efficiency	Energy-saving transportation and production	Enhancing transportation efficiency by being environmentally friendly and consuming low energy or using energy-saving equipment and developing efficiency-optimized systems, and continuously optimizing transportation, production, and packaging required in the operation process to meet energy-saving and carbon reduction requirements. The company continues to invest in high-energy-efficient device procurement, management distribution system optimization, and local procurement, to save energy, reduce carbon emissions, and lower costs.	Mid-term (3 ~ 5 years)	Self-operation Upstream Supplier and Logistics
	Operational Flexibility	Operational resilience	Collaborate with suppliers to enhance climate change risk management measures, improve resistance and recovery capabilities when facing uncontrollable factors, ensure smooth operation and supply chain flow, and strengthen the overall operational flexibility of the company and its supply chain.	Mid-term (3 ~ 5 years)	Self-operation Upstream Supplier Downstream Contract Manufacturer

3. Describe the impact of extreme weather events and transition actions on finances.

3. After assessing the risk and opportunity matrix, the company select the top three climate risk and opportunity items for the year as the significant climate risk and opportunity topics, and conduct financial impact assessments and adaptation planning for these major climate issues:

Major climate risks and opportunities		Assessment of climate-related financial impacts (Note)
Climate opportunities	R&D and innovation of low-carbon products and services	In response to the government policy of net zero emissions by 2050, the Company is committed to ‘promoting the popularization of electric vehicles with its Open EV Platform’. By sharing a platform that is enabling the collective effort and wisdom from all the platform users, development costs can therefore be reduced, development time can be shortened, and the key economies of scale is easier achievable. The Company aims to provide such a cross-customer sharing platform through its professional expertise and technical services. With the CDMS (Contract Design and Manufacturing Service) cooperation model of the Foxconn group, the Company is playing a key role in providing design, engineering, supply chain management, and other services. The Company offers CDMS services to multiple brand customers, and through its vertical integration and technical capabilities, it expects to complement its partners in their research and development, cost efficiency, and expand their go to market options.

<table>
<tr><td></td><td>
<table>
<tr><td></td><td>Develop new markets</td><td>In response to the international trend of achieving zero emissions, actively develop low-carbon emission products - passenger vehicles and commercial vehicles, and meet the regulatory requirements of various countries to market domestically and internationally.</td></tr>
<tr><td>Climate risk</td><td>Rising costs of raw materials and energy resources</td><td>1. Rising raw material costs: Market demand increase, lack of natural resources, and geopolitical instability all lead to rising costs, for example: Overall raw material adjustment of 10% to 15% in the second half of 2022.
- Green consumption concepts prevail, and consumers' inclination to purchase electric vehicles continues to increase. In a competitive situation, the battery raw materials (lithium, cobalt, nickel) increase according to market supply and demand.
- The lack of natural gas energy, logistics costs derived from the Russia-Ukraine war, labor shortages caused by the epidemic, and delays in delivery due to piracy in the Red Sea (from sea freight to air freight) may lead to cost increases.
2. Rising raw material transportation costs: Natural disasters affecting delivery schedule and lead to increased transportation costs.
- The supplier's location has encountered natural disasters due to extreme weather conditions, causing delays in meeting delivery schedules. This may require switching suppliers at short notice or changing from sea freight to air freight, resulting in increased overall costs. Moreover, the change in transportation mode may also lead to an increase in carbon emissions during the operation process.
3. Increased energy consumption:
- Due to carbon fees and the transition to green energy strategies, energy costs will rise.
- Rising or unstable temperatures, for example: increased air conditioning operation time, leading to higher energy costs.</td></tr>
</table>
(For more information, please refer to the climate chapter of the company's Sustainability Report)
</td></tr>
<tr><td>4. Describe how to integrate the process of identifying, assessing, and managing climate risks into the overall risk management system.</td><td>4. The Company adopts three lines of defense in internal control as a risk management mechanism. The first line of defense refers to each business unit's responsibility for the risks arising from its daily affairs based on its functions and business scope, and the implementation of risk assessments for the core business of the information security division; the second line of defense includes risk management, legal compliance and other specialized units (such as Occupational safety, etc.), assist and supervise the first line of defense in risk identification and management; the third line of defense is provided by the Aauditing Office as the last step. For the first two lines of defense, the audit department will inspects, supervises, and tracks the progress of improvement of deficiencies, and synchronizes or make complete</td></tr>
</table>

<table>
<tr><td></td><td>disclosures to the Board of Directors on a regular basis to ensure that the company's risk management system is effective.T.</td></tr>
<tr><td>5. If using scenario analysis to assess resilience to climate change risks, it should explain the scenario, parameters, assumptions, analysis factors, and major financial impacts used.</td><td>5. The company plans to conduct climate change risk scenario analysis in 2024.</td></tr>
<tr><td>6. If there is a transformation plan to address climate-related risks, please explain the content of the plan, as well as the indicators and goals used to identify and manage physical risks and transition risks.</td><td>6. Plan adaptation and countermeasures for significant climate risks and opportunities of the company, establish management indicators and goals to guide the company in continuing climate transformation.
<table>
<tr><th colspan="2">Significant climate risks and opportunities</th><th>Adaptation and countermeasures</th></tr>
<tr><td rowspan="2">Climate opportunities</td><td>R&D and innovation of low-carbon products and services</td><td>1. Continuously improve functions such as networking, intelligence, and lightweight to enhance customer driving experience.
2. Improve air dynamics design to reduce energy consumption, enhance vehicle power, lightweight body design, and upgrade systems to increase endurance.
3. Deepen the CDMS (Contract Design and Manufacturing Service) business model, enhance technical capabilities, improve R&D efficiency, reduce costs, and expand the market.</td></tr>
<tr><td>Develop new markets</td><td>In addition to the existing domestic market, also explore international sales channels:
1. Passenger vehicle
- After launching the first model of C-class cars with the highest market demand, we will continue to invest in the research and development of B-class cars to expand the market.
- Actively developing Model B to enter the B-class SUV market, the platform adopts modular design and reuses components from the original C-class car to reduce development costs.
- Tapping into North America and Southeast Asian countries.
2. Commercial vehicle
- In line with government public transportation policies, actively developing electric bus production, collaborating with passenger transport operators to obtain government procurement subsidies.
- In response to the electrification of urban buses by 2030, as well as the growing demand for electrification, extend the existing electric bus products and invest in the development of the mid-sized bus market.</td></tr>
</table></td></tr>
</table>

		- Tapping into Southeast Asian countries (e.g. Thailand, Indonesia) and respond to local demand by adding right-hand drive options to the existing left-hand drive, expanding the sales market.
Climate risk	Rising costs of raw materials and energy resources	1. Sign long-term purchase contracts with vendors and negotiate with suppliers on the mechanism for adjusting raw material prices to avoid significant price increases due to market fluctuations. 2. Increase the number of key spare parts suppliers to stabilize the supply of raw materials and promote sharing and modularization. 3. Build factories to create an electric vehicle ecosystem and establish a complete battery production chain to increase production capacity and reduce costs. 4. Internally drive various departments to participate in the company's energy-saving and carbon-reduction plan, so that the concept of energy-saving and carbon reduction can be deeply rooted in the company's corporate spirit, and gradually upgrade the lighting, air conditioning, and water supply systems at other workplaces to energy-saving smart systems. 5. Install solar panels on the rooftop of the Baogao office in Xindian.

The company's climate-related indicators and goals
Short to medium term
- Promote low-carbon emissions and high-efficiency product sales: By selling electric passenger cars and electric commercial vehicles, it is expected to reduce about 20,000 tons of carbon emissions by 2024, reducing the impact on the environment. - Comply with energy-related laws and requirements of international conventions. - Participate in environmental initiatives and respond to (such as Taiwan Net Zero Emissions Association). - Gradually phase out gasoline official vehicles. - Complete the installation of renewable energy devices and green building construction according to the net zero carbon emission plan. - Promote ISO50001 Energy Management System. - The company's Sustainable Development Promotion Team holds regular meetings to review the achievement of management goals and reports to the board of directors annually (at least once a year).

(For more information, please refer to the climate chapter of the company's Sustainability Report)

7. If using internal carbon pricing as a planning tool, the basis for price determination should be explained.	7. The company has not yet established an internal carbon pricing mechanism.
8. If climate-related goals are set, the	8. The company has set the goal of achieving net zero emissions for all offices by 2030, and net zero greenhouse gas emissions for all service and production sites by 2050, in line with global trends and Taiwan's 2050 net zero carbon

activities, scope of greenhouse gas emissions, planning schedule, and annual progress towards achieving the goals should be explained. If carbon offsetting or renewable energy certificates (RECs) are used to achieve the goals, the source and quantity of carbon offsetting or the quantity of RECs should be specified.	emission goal. **The company's climate-related indicators and goals** Long-term - Achieve all office net zero emissions goals by 2030. - Achieve net zero greenhouse gas emissions for all service and production sites by 2050. - Establish an environmental management system and obtain verification of environmental and energy management systems (e.g. ISO50001 Energy Management System etc.). - Obtain net zero certification, green building certification. - By 2030, the proportion of green electricity will be ≥ 50%. The company currently does not use any carbon offset or Renewable Energy Certificates (RECs) to implement carbon reduction measures.
9. Greenhouse gas inventory and confirmation situation, reduction targets, strategies, and specific action plans (also filled in 2 and 3).	9. Please refer to the content of 2 and 3 below.

2. Recent two-year company greenhouse gas inventory and Assurance situation

(1). Greenhouse Gas Inventory Information

Report the emissions (tons-CO_2e), intensity (tons-CO_2e per million dollars), and data coverage of greenhouse gases for the past two years.

<u>Greenhouse Gas Emissions</u>

The company listed stocks on the market in November 2023, with data scope disclosed in 2023, and compiled and reviewed greenhouse gases according to the GHG protocol. In the future, greenhouse gas emissions in categories one and two will continue to be quantified and disclosed in theSustainability Report (Note 1).

(Unit: Tons CO_2e)

	Total Emissions (tons- CO2e)	Intensity tons-CO2e per million dollars)	Inspection situation
Category 1	170.5341	0.1646	Scope of Inventory: The company greenhouse gas emissions in Taiwan Inventory organization: PwC Taiwan Inventory Standards: ISAE 3410 Assurance Standard Inventory Opinion: Limited Assurance Level approved by the competent authority
Category 2	938.4218	0.9056	
Total	1,108.956	1.070	

Report the emissions (tons-CO_2e), intensity (tons-CO_2e per million dollars), and data coverage of greenhouse gases for the past two years.
Note 1: The data coverage of greenhouse gas category 1 and 2 is in Taiwan, including offices and laboratories in New Taipei City, Taoyuan, Miaoli, Changhua, etc. Note 2: Intensity is calculated by dividing greenhouse gas emissions by the revenue (in million NT dollars) of the year. The total revenue in 2023 was 1,036.084 million NT dollars.

(2). Greenhouse gas Assurance information

Explain the recent two-year Assurance situation as of the date of printing of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
After going public in November 2023, the company completed its greenhouse gas inventory in the first quarter of 2024. The reasonable assurance engagement is currently being conducted by PwC Taiwan in accordance with TWSAE 3410. The complete information will be disclosed in our Sustainability Report and on Market Observation Post System. (expected Assurance Report date: April 17, 2024).

3. Greenhouse gas reduction goals, strategies, and specific action plans

Describe the baseline year and its data for greenhouse gas reduction, reduction targets, strategies, specific action plans, and the achievement of reduction targets.
The company has set a goal to achieve net zero emissions for all offices by 2030 and net zero greenhouse gas emissions for all service and production sites by 2050. The baseline year for greenhouse gas emission reduction is set as the first inventory year (2023), with a total greenhouse gas emissions of 1,108.956 (tons-CO_2e) in 2023. The company listed stocks on the market in November last year and just completed its first inventory in 2024, yet the achievement of reduction targets are unable to assess. However, we continue to promote various energy-saving measures and install renewable energy devices, and will review the company's reduction achievements and target attainment in 2025.

(8). Ethical Corporate Management - Implementation Status and Difference in the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Operation			Differences in the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
1. Establishment of ethical corporate management policies and approaches				
(1) Does the company have an ethical corporate management policy adopted by the board of directors, and state in its regulations and external documents the ethical corporate management policy and practices, as well as the commitment of the board of directors and management towards enforcement of such policy?	V		The company has established the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Regulations of Ethical Conduct" as the basis for implementing integrity management. The board of directors and management team deeply recognize their importance in establishing good business operations and fulfilling the commitment to integrity management policies.	No significant differences.
(2) Does the company have a mechanism to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company formulate the programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Article 7, Paragraph 2, of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		The company has established the "Procedures for Ethical Management and Guidelines for Conduct", which includes specific measures to prevent dishonest behavior. This is to ensure that relevant personnel adhere to the guidelines, and the content covers the provisions of Article 7, Section 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies".	No significant differences.
(3) Does the company provide the clear operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above and perform regular reviews and amendments?	V		The company has established "Procedures for Ethical Management and Guidelines for Conduct" and "Regulations of Ethical Conduct", which specify operational procedures, behavior guidelines, disciplinary measures for violations, and complaint mechanisms. These are periodically promoted to strengthen the implementation of the integrity operation policy.	No significant differences.
2. Implementation of ethical corporate management				
(1) Does the company assess the	V		The company's "Procedures for Ethical	No significant

Evaluation Item	Operation			Differences in the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?			Management and Guidelines for Conduct" clearly states that we should avoid engaging in business transactions with agents, suppliers, customers, or other business counterparts involved in dishonest behavior. If any business partner or collaborator is found to be engaging in dishonest behavior, we should immediately cease business dealings with them and categorize them as a refused business counterpart, in order to uphold the company's policy of integrity in operations.	differences.
(2) Does the company have a dedicated unit directly under the Board of Directors to promote corporate integrity, which will report regularly (at least once a year) to the Board of Directors on the ethical management policies and programs against unethical conduct and oversee their implementation?	V		The Company designates the Auditing Office as the dedicated unit responsible for promoting the policy of integrity in operation and the formulation and supervision of measures to prevent dishonest behavior, and reports to the board of directors at least once a year.	No significant differences.
(3) Does the company have policies to prevent conflicts of interest, provide proper appeal channel, and implement them?	V		The company's "Procedures for Ethical Management and Guidelines for Conduct" clearly prohibits various dishonest behaviors and outlines the corresponding handling procedures. It also stipulates that company personnel, when carrying out company business, should report any situations involving conflicts of interest or potential improper benefits to their immediate supervisors and the dedicated unit of the company, and the immediate supervisors should provide appropriate guidance.	No significant differences.
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside	V		To ensure the implementation of honest operations, the company has established effective accounting and internal control systems. In addition, an internal audit plan has been formulated, and internal auditors regularly examine the adherence to the system based on the audit plan. If any dishonesty is verified, it should be immediately reported to the board of directors.	No significant differences.

Evaluation Item	Operation			Differences in the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
accountants to perform the audits?				
(5) Does the company hold regular internal and external education and training on ethical corporate management?	V		The company non-periodically promotes the concept of integrity in business operations and its importance. Relevant internal regulations and laws will also be explained to new employees upon their arrival.	No significant differences.
3. Operation of the Company's Whistle blowing System (1) Does the company have a specific reporting and reward system, and has it established a channel to facilitate reporting and assigned appropriate staff for the accused party?	V		The company has established specific procedures in "Procedures for Ethical Management and Guidelines for Conduct", including reporting channels, responsible units, disciplinary measures, rewards, and protection measures. Furthermore, the company has not violated any principles of honest operation or engaged in any illegal activities.	No significant differences.
(2) Does the company have standard operating procedures for the investigation of reported matters, as well as follow-up measures and relevant confidentiality mechanisms after the completion of the investigation?	V		The company has established specific procedures in "Procedures for Ethical Management and Guidelines for Conduct", including the handling of reported matters, measures to be taken after investigation completion, and related confidentiality mechanisms.	No significant differences.
(3) Does the company take measures to protect whistleblowers from being subjected to improper treatment as a result of reporting?	V		Personnel of this Corporation handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.	No significant differences.
4. Information Disclosure Enhancement Has the company disclosed the contents of its ethical corporate management principles as well as relevant implementation results on its website and on the Market Observation Post System?	V		The "Ethical Corporate Management Best Practice Principles" of the company is disclosed on the company's website and Market Observation Post System.	No significant differences.
5. Describe the differences between actual practice and the ethical corporate management principles, if the company has formulated such principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies: No difference.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies:				

Evaluation Item	Operation			Differences in the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
1. The company strictly adheres to the Company Act, Securities and Exchange Act, Commercial Accounting Act, relevant regulations for TWSE/TPEx Listed Companies, and other relevant commercial laws and regulations as the foundation for implementing honest and ethical business operations. 2. Please refer to the company's official website at https://www.foxtronev.com/tw/investor for the "Ethical Corporate Management Best Practice Principles".				

(9). If the Company has established corporate governance principles or other relevant guidelines, references to such principles should be disclosed

Please refer to the company website for information on the company's corporate governance and related regulations.

https://www.foxtronev.com/tw/investor

(10). Other significant information sufficient to enhance the understanding of corporate governance and operation may be disclosed together with

1. The company has a total of 9 directors, including 4 independent directors, to strengthen the supervisory function of the board. In addition, the company has 3 female directors to enhance the board structure and achieve workplace diversity indicators.
2. The company continues to strengthen its corporate governance operations. The company's official website (https://www.foxtronev.com/tw) has set up a "Corporate Governance" section to explain the company's governance operations and the effectiveness of its initiatives.

(11). Implementation of internal control system

1. Statement of Internal Control System

Foxtron Vehicle Technologies Co., Ltd.

Statement of Internal Control System

February 29, 2024

Based on the findings of a self-assessment, Foxtron Vehicle Technologies Co., Ltd states the following with regard to its internal control system during the year 2023:

1. We acknowledge that it is the responsibility of our Board of Directors and management to establish, implement and maintain an adequate internal control system. The purpose is to provide reasonable assurance to the effectiveness and efficiency of our operation (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives as mentioned above. Furthermore, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and we take immediate remedial actions in response to any identified deficiencies.
3. We evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the Regulations) The criteria adopted by the Regulations identify five key components of managerial internal control: (1)control environment (2)risk assessment (3)control activities (4)information and communication, and(5)monitoring activities. Each component also includes several items which can be found in the Regulations.
4. We have evaluated the design and operating effectiveness of its internal control system according to the aforementioned Regulations.
5. Based on the results of the aforementioned evaluation, we believe that the design and implementation of our internal control system as of December 31, 2023 (including supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance with relevant regulatory requirements, is effective, and that it can reasonably assure the achievement of the aforementioned objectives.
6. This statement will constitute an integral of our annual report and prospectus, and will be made public. In case of any unlawful aspects such as falsehood or concealment of facts in relation to the aforementioned statement, the Company shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement was approved by the Board of Directors in their meeting held on February 29, 2024, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this statement.

Foxtron Vehicle Technologies Co., Ltd.

Liu, Young-Way
Chairman

Lee, Bing-Yen
Chief Executive Officer

2. If a CPA is engaged to audit the internal control system, his/her audit report should be disclosed:

REVIEW OF INTERNAL CONTROL SYSTEM

Independent Auditor's Reasonable Assurance Report

To Foxtron Vehicle Technologies Co., Ltd.:

Foxtron Vehicle Technologies Co., Ltd. (hereinafter referred to as "Foxtron ") states that it has evaluated its internal control system related to external financial reporting and safeguarding of assets, and the statement that it was effectively designed and implemented as of December 31, 2023, has been reviewed by our auditors upon completion of reasonable assurance procedures.

Subject Matter, Subject Matter Information, and Applicable Criteria of Assurance

The subject matter of this assurance engagement is the design and implementation of the internal control system related to Foxtron's external financial reporting and safeguarding of assets as of December 31, 2023, and the statement issued by Foxtron on February 29, 2024, asserting that its internal control system related to external financial reporting and safeguarding of assets is effectively designed and implemented (hereinafter collectively referred to as the assurance target).

The applicable criteria for measuring or evaluating the effectiveness of the above-mentioned assurance targets are the internal control system effectiveness assessment items of the "Regulations Governing Establishment of Internal Control Systems by Public Companies".

Inherent Limitations

Due to inherent limitations, the internal control system of Foxtron may not be able to prevent or detect errors or fraud that have already occurred. In addition, the degree of compliance with the internal control system may decrease due to future environmental changes, so the effective internal control system in this period does not necessarily mean it will be effective in the future.

Responsibilities of Management

The responsibility of management is to establish an internal control system in accordance with relevant laws and regulations, review it at any time to maintain the continuous effectiveness of the internal control system's design and implementation, and issue an internal control system statement based on the assessment of its effectiveness.

Auditor's Responsibilities

The responsibility of auditor is to perform necessary procedures for assurance targets to obtain reasonable assurance in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and Assurance Standard No. 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", and to conclude whether the subject matter of assurance complies with applicable criteria in all material respects and whether an appropriate expression can be made.

Independence and Quality Controls

This auditor and the firm to which they belong have complied with the provisions of the Norm of Professional Ethics for Certified Public Accountant. The fundamental principles contains integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, the firm follows quality control standards and maintains a comprehensive quality control system, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards, and applicable laws and regulations.

Summary of the Implemented Procedures

The auditor plans and performs the necessary procedures based on professional judgment to obtain the evidence to the related subject matter and subject matter information. The procedures executed include understanding the company's internal control system, evaluating the process by which management assesses the effectiveness of the overall internal control system, testing and evaluating the design and implementation effectiveness of internal control systems related to external financial reporting and safeguarding of assets, and other review procedures that the auditor considers necessary. The auditor believes that this review work provides a reasonable basis for the conclusions reached.

Assurance Engagement Conclusion

According to the auditor's opinion, based on the internal control system effectiveness assessment items of the "Regulations Governing Establishment of Internal Control Systems by Public Companies", the internal control system related to external financial reporting and asset safeguarding of Foxtron as of December 31, 2023, in design and implementation, can maintain effectiveness in all material respects; the statement issued by Foxtron on February 29, 2024, confirming the effectiveness of its internal control system related to external financial reporting and asset safeguarding as of December 31, 2023, in all material respect, has been appropriately expressed.

3.

Hsu, Chieh-Ju

Hsu, Sheng-Chung

For and on Behalf of PricewaterhouseCoopers, Taiwan
March 27, 2024

(12). For penalties in the most recent year and up to the publication date of this annual report that are imposed on the Company or internal personnel by law, or imposed by the Company on internal personnel for violating the provisions of the internal control system, where such results may pose possible significant impact on shareholders' equity or stock prices, state the content of the penalties, major deficiencies, and improvement status: None.

(13). Significant resolutions made during shareholders' meetings and board meetings in 2023 and up to the publication date of this annual report:

1. January 16, 2023, matters and implementation of resolutions attended by all shareholders at the special shareholders meeting

<table>
<tr><th>Resolution</th><th>Implementation Status</th></tr>
<tr><td>Revision of "Articles of Incorporation".</td><td>Registered on March 1, 2023, approved by the Ministry of Economic Affairs.</td></tr>
<tr><td>Revision of "Fund lending and others' operating procedures".</td><td>Processed according to the revised procedure.</td></tr>
<tr><td>Revision of "Endorsement guarantee operation procedures".</td><td>Processed according to the revised procedure.</td></tr>
<tr><td>Revision of "Procedures for acquiring or disposing of assets".</td><td>Processed according to the revised procedure.</td></tr>
<tr><td>Enactment of "Rules for Director and Supervisor Elections".</td><td>Processed according to the revised procedure.</td></tr>
<tr><td>Enactment of "Rules of Procedures for Shareholders' Meetings".</td><td>Processed according to the revised procedure.</td></tr>
<tr><td>Enactment of "Engage in derivative commodity transaction processing procedures".</td><td>Processed according to the revised procedure.</td></tr>
<tr><td>The company applied for listing of its stocks.</td><td>Approved by the Stock Exchange on September 6, 2023.</td></tr>
<tr><td>Cash capital increase and public sale of new shares were conducted before the initial public offering of stocks, and the original shareholders waived their priority subscription rights.</td><td>Exercised in compliance with the resolutions.</td></tr>
<tr><td>By-election of four directors.</td><td>The term of office for the supplementary election of directors shall be from January 16, 2023, to the expiration date of the term on September 23, 2023.
Election List of Directors: Tso, Chi-Sen; Yao, Zhen-Xiang; Huang, Ying-Shih; Tsai, Wen-Jung.</td></tr>
<tr><td>To lift the restriction on non-competition for director and their representatives.</td><td>The restriction on non-competition for directors was lifted according to the shareholder meeting resolutions
<table>
<tr><th>Name</th><th>Name of the company and position at the concurrent job</th></tr>
<tr><td>Tso, Chi-Sen</td><td>Chairman and General Manager of Luxgen Motor Co., Ltd.</td></tr>
</table>
</td></tr>
</table>

Resolution	Implementation Status	
		Chairman of Taipei Yulon Motor Co., Ltd. Chairman of Taoyuan Yulon Motor Co., Ltd. Chairman of Taichung Yulon Motor Co., Ltd. Chairman of Tainan Yulon Motor Co., Ltd. Chairman of Kaohsiung Yulon Motor Co., Ltd. Vice Chairman of Yulon Motor Co., Ltd. Director of Yulon Finance Corporation
	Yao, Zhen-Xiang	Vice Chairman of Yulon Construction Co., Ltd Chairman of Yulon Tobe Motor Co., LTD. Chairman of Xingqi Co., Ltd. Chairman of Yulon Philippines Investment (Cayman) Co., Ltd. Vice Chairman of Guangzhou Aeolus Automobile Co., Ltd. Director and General Manager of Yulon Motor Co., Ltd. Director of Yulon Nissan Motor Co., Ltd. Director of Yulon Finance Corporation Director of LUXGEN MOTOR CO., LTD. Director of Taipei Yulon Motor Co., Ltd. Director of Taoyuan Yulon Motor Co., Ltd. Director of Tainan Yulon Motor Co., Ltd. Director of Yonghan Investment Co., Ltd. Chairman of Yulon Motor Investment (China) Co., Ltd. Director of China Motor Corporation Director of Yulon Management Enterprise Co., Ltd. Supervisor of Dongfeng Yulon Motor Co., Ltd Chairman of Yulon China Investment Limited (Hong Kong) Chairman of Yulon Motor Investment (HK) Co., Ltd. Chairman of Wenyang Investment (Samoa) Co., Ltd. Chairman of Qingyi Investment (Samoa) Co., Ltd
	Huang, Ying-Shih	Senior Executive Director of HON HAI PRECISION IND. CO., LTD. Chairman of ALTUS TECHNOLOGY INC.
	Tsai, Wen-Jung	Chairman of Hua-Chuang Automobile Information Technical Center Co., Ltd. Chairman of Yue Sheng Industrial Co., Ltd. Director of Tokio Marine Newa Insurance Co., Ltd. Director and General Manager of Yulon Nissan Motor Co., Ltd. Director of Yulon Finance Corporation Executive Director of Yuan Lung Motor Co., Ltd Director of Yulon Management Enterprise Co., Ltd. Director of Yuchang Motors Co., Ltd.

Resolution	Implementation Status	
		Director of Yuxin Motors Co., Ltd. Director of Yutang Motors Co., Ltd. Director of Chenglong Motors Co., Ltd. Director of Yulon Motor Investment (China) Co., Ltd. Chairman of Yizhan Overseas Investment Corporation Director of Yihua Investment (Jetford) Company Director of Yan Tjing Ling Industrial Development Foundation Director of Vivian Wu Yen Business & Industry Development Foundation

2. June 30, 2023, matters and implementation of resolutions attended by all shareholders at the shareholders' meeting

Resolution	Implementation Status
Cash capital increase and public sale of new shares before the initial listing of the company's stock, and supplementary details of the case where existing shareholders waive their priority subscription rights.	Exercised in compliance with the resolutions.

3. October 17, 2023, matters and implementation of resolutions attended by all shareholders at the extraordinary general meeting

Resolution	Implementation Status
Approve the amendment to the company's "Articles of Incorporation".	Registered on November 8, 2023, approved by the Ministry of Economic Affairs.
Approve the amendment to the company's "Procedures for acquiring or disposing of assets".	Processed according to the revised procedure.
Approve the amendment to the company's "Fund lending and others' operating procedures".	Processed according to the revised procedure.
Approve the amendment to the company's "Endorsement guarantee operation procedures".	Processed according to the revised procedure.
Approve the amendment to the company's "Rules for Director and Supervisor Elections".	Processed according to the revised procedure.
Approve the amendment to the company's "Rules of Procedures for Shareholders' Meetings".	Processed according to the revised procedure.
Approve the amendment to the company's "Engage in derivative commodity transaction processing procedures".	Processed according to the revised procedure.

<table>
<tr><th>Resolution</th><th>Implementation Status</th></tr>
<tr><td>Proposal for Election of All Directors.</td><td>This appointment includes 9 directors (including 4 independent directors) with a term of three years, starting from October 17, 2023, and ending on October 16, 2026.
● Election List of Directors:
Representative of HON HAI PRECISION IND. CO., LTD.: Liu, Young-Way
Representative of Hua-Chuang Automobile Information Technical Center Co., Ltd.: Tso, Chi-Sen
Representative of Hua-Chuang Automobile Information Technical Center Co., Ltd.: Yao, Zhen-Xiang
Representative of HON HAI PRECISION IND. CO., LTD.: Seki Jun
Representative of HON HAI PRECISION IND. CO., LTD.: Huang, Ying-Shih
● Election List of the Independent Director:
Sonia Sun
Lin, Bor-Tsuen
Hsiao, Hsing-Chin
Hwang, Hsiu-Ying</td></tr>
<tr><td>Approved to lift the restriction on non-competition for director and their representatives</td><td>The restriction on non-competition for director was lifted according to the shareholder meeting resolutions
<table>
<tr><th>Name</th><th>Name of the company and position at the concurrent job</th></tr>
<tr><td>Liu, Young-Way</td><td>Chairperson and General Manager of HON HAI PRECISION IND. CO., LTD.
Chairman of Foxsemicon Integrated Technology Inc.
Chairman of PowerX Semiconductor Corporation
Chairman of SiliconAuto Taiwan CO., LTD.
Chairman of SiliconAuto B.V.
Chairman of MIH
Director of Ceer National Automotive Company
Director of Fulltime International Investment Limited</td></tr>
<tr><td>Tso, Chi-Sen</td><td>Chairman of Kaohsiung Yulon MOTOR CO., LTD.
Chairman of Taoyuan Yulon MOTOR CO., LTD.
Chairman of Taichung Yulon MOTOR CO., LTD.
Chairman of Taipei Yulon MOTOR CO., LTD.
Chairman of Tainan Yulon MOTOR CO., LTD.
Chairman of LUXGEN MOTOR CO., LTD.
Vice Chairman of YULON MOTOR CO., LTD
Director of Yulon Finance Corporation</td></tr>
<tr><td>Huang, Ying-Shih</td><td>Chairman of HEALTHCONN CORP.
Chairman of ALTUS TECHNOLOGY INC.
Chairman of SOCLE Technology Corporation
Director of Linker Vision Co., Ltd.
Director of iCana Ltd.</td></tr>
</table></td></tr>
</table>

Resolution	Implementation Status	
	Huang, Ying-Shih	Director of PowerX Semiconductor Corporation Director of Advanced Power Electronics Corp. Director of XSemi Corporation Director of Pan-International Industrial Corp. Director of ShunSin Technology Holdings Limited Director of BATT. CYCLE MATERIALS CO., LTD. Director of Beijing Hengyu Electric Vehicle Rental Co., Ltd Director of Shandong Fujikang Intelligent Manufacturing Co., Ltd Director of Foxconn New Business Development Group Co., LTD. Director of Foxcoonn EV Netherlands Holdings Director of SiliconAuto B.V.
	Yao, Zhen-Xiang	Chairman of Yulon Tobe Motor Co., LTD. Chairman of ADVANCE POWER MACHINERY CO., LTD. Chairman of Yuke Co., Ltd. Chairman of Yulon (China) Automotive Investment Co., Ltd Chairman of Yulon Philippines Investment (Cayman) Co., Ltd Chairman of Xingqi Co., Ltd. Chairman of Yuyao Co., Ltd. Vice Chairman of Yulon Construction Co., Ltd Vice Chairman of Guangzhou Aeolus Automobile Co., Ltd. Director of Yulon Nissan Motor Co., Ltd. Director of LUXGEN MOTOR CO., LTD. Director of Taipei Yulon Motor Co., Ltd. Director of Taoyuan Yulon Motor Co., Ltd. Director of Tainan Yulon Motor Co., Ltd. Director of Yulon Finance Corporation Director of Yonghan Investment Co., Ltd. Director of China Motor Corporation Director of Yulon Management Enterprise Co., Ltd. Director of Yulon China Investment Limited (Hong Kong) Director of Yulon Motor Investment (Hong Kong) Co., Ltd. Director of Wenyang Investment (Samoa) Co., Ltd. Director of Qingyi Investment (Samoa) Co., Ltd Director and General Manager of Yulon Motor Co., Ltd. Supervisor of Dongfeng Yulon Motor Co., Ltd
	Sonia Sun	Independent Director of WALRUS PUMP Co., Ltd.

4. Important resolutions of the Board of Directors in 2023 before March 25, 2024

(1). January 19, 2023

Employee stock options warrants are converted to issue new shares and establish a benchmark date for capital increase. The company's physical stocks are fully converted into non-physical stocks.

(2). April 26, 2023

The company's financial statement for 2022, the company's loss off-setting plan for 2022, and the election of a vice chairman.

(3). May 23, 2023

The company's financial report for the first quarter of 2023, in response to the company's application for stock listing, plans to pass the financial forecast for the second to third quarters of 2023, the establishment of the company's governance supervisor, the company's 2022 annual business report, the formulation of the company's 2023 shareholder meeting agenda, date, location, and other related matters.

(4). July 24, 2023

The company intends to apply for a public offering of stocks and carry out a cash capital increase and issuance of new shares before its initial listing on the innovation board.

(5). August 14, 2023

Financial statements for the second quarter of 2023.

(6). September 08, 2023

The company has entrusted the underwriter to handle the oversubscription case during the underwriting period, the comprehensive election of directors case, the nomination of independent director candidates list, the time and location of the second extraordinary shareholders' meeting in 2023, and the agenda of the shareholders' meeting.

(7). October 20, 2023

Appointment of the Chairman of the Second Board of Directors of the company, appointment of the Vice Chairman of the company, appointment of members of the Remuneration Committee.

(8). November 10, 2023

The company's third-quarter financial report, change of company location, electric bus Qiaotou factory, and research and development center investment case.

(9). December 25, 2023

The company changes the case of corporate governance officer and establishes the case of Foxtron Vehicle (Southern Taiwan Science Park) Branch Office.

(10). February 29, 2024

The company's financial report for 2023, the company's loss off-setting plan for 2023, the company's business report for 2023, and the establishment of the date and reasons for convening the company's shareholders' meeting for 2024.

(14). The different opinions of directors or supervisors on important resolutions adopted by board meetings that are documented or declared in writing in the most recent year and up to the publication date of the annual report, and the main content thereof: None.

(15). Summary of resignation/dismissal for chairman, CEO, accounting officer, financial officer, chief internal auditor, corporate governance officer, and R&D officer in the most recent year up to the publication date of this annual report

April 02, 2024

Position	Name	Election Date	Dismissal Date	Reasons for resignation or dismissal
Corporate Governance Officer	Li, Wan-Jung	2023/5/23	2023/12/25	Job adjustment

3. Information Regarding Professional Fees of Certified Public Accountant

(1). Information regarding professional fees of certified public accountant

Unit: Thousands NTD

Accounting firm name	Accountant's name	Accountant Audit Period'	Audit fee	Non-audit fee	Total	Remarks
PwC Taiwan	Hsu, Yung Chien Hsu, Chieh-Ju	2023/01/01 2023/06/30	2,900	4,515	7,415	Note 1~3
	Hsu, Chieh-Ju Hsu, Sheng-Chung	2023/07/01 2023/12/31				

Note 1: 2023 annual review for the project of public offering and listing on the Innovation Board will be conducted from 2022 to 2023.
Note 2: In addition to non-audit fees excluding Note 1, it also includes business registration and tax certification services.
Note 3: See the "4. Information on Change of Accountant" section for the reason to change the accountants.

(2). If there is a replacement of the accounting firm and the audit fees for the year in which the replacement occurred are less than those for the prior year, the amounts paid for audit fees before and after the replacement as well as the reason for the fee reduction should be disclosed: None.

(3). If there is a 10% or more reduction in the audit fees compared to those for the prior year, the amount and percentage of reduction as well as the reason for the audit fee reduction should be disclosed: Not applicable.

4. Information on Change of Accountant

(1). Information regarding the former accountant

<table>
<tr><td>Date of replacement</td><td colspan="3">November 10, 2023</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="3">The original certified public accountants of the company were Hsu, Yung-Chien and Hsu, Chieh-Ju, certified public accountants from PwC Taiwan. Due to internal adjustments within PwC Taiwan, starting from the third quarter of 2023, the certified public accountants have been changed to Hsu, Chieh-Ju and Hsu, Sheng-Chung, certified public accountants.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td>Party
Condition</td><td>Accountant</td><td>The Company</td></tr>
<tr><td>Terminated the engagement</td><td>–</td><td>–</td></tr>
<tr><td>No longer accepting (continuing) appointment</td><td>–</td><td>–</td></tr>
<tr><td>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons</td><td colspan="3">Not applicable</td></tr>
</table>

Date of replacement	November 10, 2023		
Disagreement with the Company?	Yes	–	Accounting principles or practices
		–	Disclosure of financial reports
		–	Audit scope or steps
		–	Others
	None	V	
	Statement		
Other disclosures	None		

(2). Information Regarding the Successor CPAs

Name of accounting firm	PwC Taiwan
Accountant's name	Hsu, Chieh-Ju、Hsu, Sheng-Chung
Date of engagement	November 10, 2023
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	Not applicable
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	Not applicable

(3). The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: Not applicable.

5. The Company's Chairman, CEO or Managers in Charge of Financial or Accounting Affairs Have Served in the CPA Firm or the Affiliates Thereof for the Most Recent Year: None.

6. Change in the Transfer and Pledge of Shares by Directors, Supervisors, Managers, and Shareholders Holding over 10% of Outstanding Shares

(1). Changes in equity ownership

Unit: Shares

Position	Name	2023		As of March 31 of the current year	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares
Chairman	HON HAI PRECISION IND. CO., LTD.	0	0	0	0
	Representative: Liu, Young-Way	0	0	0	0

Position	Name	2023		As of March 31 of the current year	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares
Vice Chairman	Hua-Chuang Automobile Information Technical Center Co., Ltd.	0	0	0	0
	Representative: Tso, Chi-Sen	0	0	0	0
Director	HON HAI PRECISION IND. CO., LTD.	0	0	0	0
	Representative: Seki Jun	0	0	0	0
Director	HON HAI PRECISION IND. CO., LTD.	0	0	0	0
	Representative: Huang, Ying-Shih	0	0	0	0
Director	Hua-Chuang Automobile Information Technical Center Co., Ltd.	0	0	0	0
	Representative: Yao, Zhen-Xiang	0	0	0	0
CEO	Lee, Bing-Yen	0	0	0	0
Senior Vice President	Chen, Ching-Ya	0	0	0	0
Senior Vice President	Huang, Ching-Hsien	0	0	0	0
10%	HON HAI PRECISION IND. CO., LTD.	0	0	0	0
10%	Hua-Chuang Automobile Information Technical Center Co., Ltd.	0	0	0	0
Independent director	Sonia Sun	0	0	0	0
Independent director	Hsiao, Hsing-Chin	0	0	0	0
Independent director	Lin, Bor-Tsuen	0	0	0	0
Independent director	Hwang, Hsiu-Ying	0	0	0	0
Accounting Officer	Huang, Chih-Ying	(61,000)	0	0	0
Financial Officer	Ko, Hui-Ching	(30,000)	0	(6,000)	0
Chief internal Auditor	Lin, Tong	0	0	0	0
Corporate Governance Officer	Lu, Miao-chich (Note 1)	0	0	0	0

Position	Name	2023		As of March 31 of the current year	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares
Corporate Governance Officer	Li, Wan-Jung (Note 2)	(40,000)	0	0	0
Director	HON HAI PRECISION IND. CO., LTD.	0	0	0	0
	Representative: Huang, Qiu-Lian (Note 3)	0	0	0	0
Director	HON HAI PRECISION IND. CO., LTD.	0	0	0	0
	Representative: Lin, Chung-Cheng (Note 3)	0	0	0	0
Director	Tsai, Wen-Jung (Note 3)	0	0	0	0
Supervisor	Huang, Pi-Chun (Note 4)	0	0	0	0
Supervisor	Chen, Yuan-Lung (Note 4)	0	0	0	0

Note 1: Inauguration on December 25, 2023

Note 2: Dismissal on December 25, 2023

Note 3: Resignation upon election of the special shareholders' meeting on October 17, 2023

Note 4: The Audit committee was established on October 17, 2023 to assume the duties of company supervisors.

(2). Equity Transfer Information: The relationship between related parties without equity transfer.

(3). Equity Pledge Information: The situation of related parties without equity pledge.

7. Information of Relationship Among Top 10 Shareholders

March 25, 2024

Name	Principal Shareholding		Spouse and minor children shareholding		Aggregate Shareholding in the Name of Others		Title or Name of the Ten Largest Shareholders, Who May Be Related Parties to Each Other or Be Spouses or Relatives within the Second Degree of Kinship, and the Relationships		Rem-arks
	Shares	Sharehold-ing ratio (%)	Shares	Sharehold-ing ratio (%)	Shares	Sharehold-ing ratio (%)	Name	Relation-ship	-
HON HAI PRECISION IND. CO., LTD. Representative: Liu, Young-Way	794,400,000	45.62	-	-	-	-	None	None	-
Hua-Chuang Automobile Information Technical Center Co., Ltd. Representative: Tsai, Wen-Jung	763,200,000	43.83	-	-	-	-	None	None	-
Grand Fortune Securities Co., Ltd. Representative: Huang, Bing-Jing	21,879,000	1.26	-	-	-	-	None	None	-
CTBC in custody for Foxtron Vehicle Technologies Co., Ltd. Employee Stock Ownership Trust Account	11,310,800	0.65	-	-	-	-	None	None	-
Hongyang Entrepreneurship Investment Co., Ltd. Representative: Huang, De-cai	5,800,000	0.33	-	-	-	-	HON HAI PRECISION IND. CO., LTD.	Parent and subsidiary companies	-
Nan Shan Life Insurance Co. Ltd. Representative: Chung-Yao Yin	5,500,000	0.32	-	-	-	-	None	None	-
Johnson Chiang	5,000,000	0.29	-	-	-	-	None	None	-
Wu, Chen-Lung	5,000,000	0.29	-	-	-	-	None	None	-
Baoxin International Investment (Stock) Company Representative: Huang, De-cai	4,300,000	0.25	-	-	-	-	HON HAI PRECISION IND. CO., LTD.	Parent and subsidiary companies	-
Farglory Life Insurance Company Ltd. Representative: Chia-Ren Meng	3,000,000	0.17	-	-	-	-	None	None	-

8. The Number of Shares in the Same Reinvested Enterprise Held by the Company, the Company's Directors, Supervisors and Managers, and the Enterprises Controlled Directly or Indirectly by the Company, and the Consolidated Shareholding Ratio

March 31, 2024 /Unit: Thousand shares

Reinvestment Business	Investments of the Company		Investments of Directors, Supervisors, Managers, and Enterprises Controlled Directly or Indirectly by the Company		Comprehensive Investment	
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.	Note	100.00	Note	-	Note	100.00

Note: The limited company does not issue shares.

IV. Capital Raising Overview

1. Capital and Shares

(1). Source of share capital

1. Type of Shares

March 25, 2024/Unit: Thousand shares

Type of Shares	Authorized Capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	1,741,314	758,686	2,500,000	Listed stocks

2. Capitalization

Unit: Thousand shares/NTD thousand

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Share payment offset by property other than cash	Others
2020.11	10	1,960,000	19,600,000	1,539,232	15,392,321	Initiate establishment	The amount of NT$ 7,542,000 thousand is property and technology as the valuation	Note 1
2021.07	10	1,960,000	19,600,000	1,557,600	15,576,000	Cash capital increase and intangible asset valuation increase by NT$ 183,679 thousand	The intangible assets are valued at NT$ 90,000 thousand	Note 2
2023.01	10	1,960,000	19,600,000	1,591,314	15,913,140	Employee stock options are converted into new shares worth NT$ 337,140 thousand	None	Note 3
2023.11	50	2,500,000	25,000,000	1,741,314	17,413,140	Cash capital increase by issuing new shares of NT$ 1,500,000 thousand	None	Note 4

Note 1: Letter MOEA DOC No. 10901188520 from the Ministry of Economic Affairs, dated November 6, 2020.
Note 2: Letter MOEA DOC No. 11001097040 from the Ministry of Economic Affairs, dated July 26, 2021.
Note 3: Letter MOEA DOC No. 11230024640 from the Ministry of Economic Affairs, dated March 30, 2023.
Note 4: Letter MOEA DOC No. 11230229060 from the Ministry of Economic Affairs, dated December 22, 2023.

3. Information about the shelf registration system: None.

(2). Shareholder Structure

March 25, 2024

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions and Foreigners	Total
Number of shareholders	0	5	61	3,738	20	3,824
Number of Shares Held	0	23,810,800	1,619,245,000	93,086,800	5,171,400	1,741,314,000
Shareholding percentage (%)	0.00	1.37	92.99	5.35	0.29	100.00

(3). Share distribution

1. Common Stock:

March 25, 2024

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding ratio (%)
1 to 999	55	16,694	0.00
1,000 to 5,000	1,905	4,585,446	0.26
5,001 to 10,000	567	4,712,000	0.27
10,001 to 15,000	218	2,845,600	0.16
15,001 to 20,000	288	5,468,900	0.31
20,001 to 30,000	272	7,008,610	0.40
30,001 to 40,000	128	4,530,000	0.26
40,001 to 50,000	104	4,965,100	0.29
50,001 to 100,000	114	8,521,850	0.49
100,001 to 200,000	65	9,563,000	0.55
200,001 to 400,000	38	10,943,000	0.63
400,001 to 600,000	16	8,186,000	0.47
600,001 to 800,000	12	8,675,500	0.50
800,001 to 1,000,000	13	12,526,500	0.72
Over 1,000,001 shares	29	1,648,765,800	94.69
Total	3,824	1,741,314,000	100.00

2. Preferred Stock: The company does not issue preferred stock.

(4). List of Major Shareholders

March 25, 2024

Shares / Name of Major Shareholder	Number of Shares Held	Shareholding ratio (%)
HON HAI PRECISION IND. CO., LTD.	794,400,000	45.62
Hua-Chuang Automobile Information Technical Center Co., Ltd.	763,200,000	43.83
Grand Fortune Securities Co., Ltd.	21,879,000	1.26

Name of Major Shareholder \ Shares	Number of Shares Held	Shareholding ratio (%)
CTBC in custody for Foxtron Vehicle Technologies Co., Ltd. Employee Stock Ownership Trust Account	11,310,800	0.65
Hongyang Entrepreneurship Investment Co., Ltd.	5,800,000	0.33
Nan Shan Life Insurance Co. Ltd.	5,500,000	0.32
Johnson Chiang	5,000,000	0.29
Wu, Chen-Lung	5,000,000	0.29
Baoxin International Investment (Stock) Company	4,300,000	0.25
Farglory Life Insurance Company Ltd.	3,000,000	0.17

(5). Market price, net value, earnings, dividends per share, and related information for the last two years

Unit: NTD; Thousand Shares

Item \ Year			2022	2023	As of March 31,2024 (Note 2)
Market price per share	Highest		Not listed (OTC)	50.40	47.40
	Lowest		Not listed (OTC)	43.80	39.60
	Average		Not listed (OTC)	46.88	44.03
Equity per share	Before distribution		8.48	11.01	–
	After distribution		8.48	11.01	–
Earnings Per Share	Weighted average shares		1,557,600	1,607,079	1,741,314
	Earnings(Loss) Per Share		(0.87)	(1.20)	–
Dividends per share	Cash dividends		–	–	–
	Stock dividends	Stock dividends appropriated from Retained Earnings	–	–	–
		Stock dividends appropriated from Capital Surplus	–		–
	Accumulated unappropriated dividends		–	–	–
Return on investment analysis	Price to Earnings Ratio		Not listed (OTC)	Note 1	–
	Price to Dividend Ratio		Not listed (OTC)	–	–
	Cash dividend yield		Not listed (OTC)	–	–

Note 1: When the earnings per share after tax is 0 or negative, the price to earnings ratio is not calculated.

Note 2: The equity per share and earnings per share are the data audited(reviewed) by CPAs in the most recent quarter; the remaining fields are the data for the current year ended at the publication date of the annual report.

(6). Company dividend policy and implementation status

1. The dividend policy stipulated in the Articles of Incorporation

   According to Article 27 of the Articles of Incorporation, the dividend policy is as follows:

   The Company shall, upon closing of accounts, if there is surplus profit, after paying all taxes and dues and making up all losses for the proceeding years, set aside 10 percent of such profits as legal reserve. Nevertheless, when the amount of legal reserve has reached the total amount of paid-in capital, the above may not apply. The remainder profits plus non-distributed earnings accumulated from previous period shall also be set aside as special reserve or reversed special reserve. If there still profits, in accumulation undistributed earnings, the board will scheme distribution plan, and have it submitted to the shareholders' meeting to determine the bonus to shareholders.

   The Board of Directors of the Company may determine to distribute all or part of dividends, bonus, legal reserve or additional paid-in capital in cash by the resolution of the Board of Directors Meeting attended by a majority vote at a meeting of board of directors attended by two-thirds of the total number of the attended Directors and may report to the Shareholders' Meeting. This paragraph is exempted from the provision that shall be approved by the Shareholders' Meeting in the preceding paragraph.

   According to Article 28 of the Articles of Incorporation, given such facts notably the Company's profitability, future operating plans, funding needs and changes in the industrial environments and taking into account the long-term shareholders' equity and the Company's long-term financial planning, the Company's dividend distribution plan is mapped out not below 30% of the total surplus available for distribution in the current year in principle. The dividends are distributed in either cash or in stocks among which the proportion of cash dividends shall not be less than 10% of the aggregate total dividends.

2. The proposed (already) dividend distribution for this fiscal year is as follows:

   The company will not distribute shareholder dividends for 2023 due to remaining losses that need to be offset.

(7). The effects of the stock dividends proposed at the current shareholder meeting on the Company's business performance and earnings per share: Not applicable.

(8). Employees' compensation and directors' remuneration

1. The proportion or ranges with respect to remuneration to employees and that to directors as set forth in the Articles of Incorporation:

   According to Article 26 of the Articles of Incorporation, in order to motivate employees and management teams, where there is profit at the end of each fiscal Year, after covering the accumulated losses, 5%-7% of the profit shall be distributed as employees' remuneration. Directors' remuneration is zero.

   The employees' remuneration in the previous section may be distributed in the form of either cash or stock bonus and may be distributed to the employees of subsidiaries of the Company. Qualification requirements of the employees who are entitled to receive the employees' remuneration may be specified by the Board of Directors.

A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' remuneration in the preceding paragraphs distributed in the form of shares or in cash; and in addition, there to a report of such distribution shall be submitted to the shareholders' meeting.

2. The basis for estimating the amount of remuneration of employees and directors; the basis for calculating the number of shares to be distributed as employee remuneration; and the accounting treatment for any difference between the actual distributed amount and the estimated amount, for the current period:

   The company still has pending losses to be offset in 2023, so the amount of employee remuneration has not been estimated.

3. The approval from the Board of Directors on the sharing of profit:

   The company still has pending losses to be offset in 2023, so the amount of employee remuneration has not been estimated.

4. Disclosure of any difference between actual remuneration distribution to employees, directors and supervisors (including the number of shares distributed, the amount and share price) and the recognized remuneration of employees, directors and supervisors, reasons thereof, and responses:

   The company still has losses to be made up for in 2022, so there is no distribution situation.

(9). Buyback of the Company's shares by the Company: None.

2. Corporate Bonds Processing Status: None.
3. Preferred Stock (with Attached Warrants) Processing Situation: None.
4. Global Depository Receipts (GDRs) Processing Status: None.
5. Employee Stock Options Processing Status

(1). Employee stock options that have not yet reached their maturity period

Types of Employee Stock Options	2022 First Employee Stock Options
Effective date of declaration and total number of units	September 6, 2023/46,728,000 units
Issue (Processing) Date	January 16, 2023
Number of units issued	46,728,000 units
Number of units that can still be issued	—
The ratio of subscribed shares to the total number of issued shares	3.00%
Exercise period	4 years
Performance method	New shares
Restrict the exercise period and ratio of stock options	Execute immediately: 72.15% 2 years and 8 months have passed: 100%
Already executed to obtain the number of shares	33,714,000 shares

Amount of subscribed capital executed	$ 337,140,000
Unexercised number of stock options	13,014,000 units
The exercise price per share for unexercised warrant holders (NTD)	$ 10
The ratio of unexercised shares to the total number of issued shares	0.74%
Impact on shareholder equity	The issuance of this stock options only accounts for 3% of the total issued shares, and it is gradually executed during the existence period, resulting in a dilution of the original shareholders' equity year by year. Therefore, its dilution effect is still limited.

Note: The issue date is the same as the processing date.

6. The Names, Acquisition Details, and Subscription Status of the Top Ten Employees Who Have Obtained Employee Stock Options

March 25, 2024

Unit: Shares; Thousands NTD; %

<table>
<tr><th rowspan="2"></th><th rowspan="2">Position</th><th rowspan="2">Name</th><th rowspan="2">Obtain the number of subscribed shares</th><th rowspan="2">The ratio of the number of shares subscribed to the total number of issued shares</th><th colspan="4">Exercised</th><th colspan="4">Not executed</th></tr>
<tr><th>Number of shares subscribed</th><th>Price of shares subsc-ribed (NTD)</th><th>Sum of shares subscribed</th><th>Ratio of the number of subscribed shares to the total number of issued shares</th><th>Number of shares subscribed</th><th>Price of shares subsc-ribed (NTD)</th><th>Sum of shares subscribed</th><th>Ratio of the number of subscribed shares to the total number of issued shares</th></tr>
<tr><td rowspan="7">Manager</td><td>CEO/ Supervisor of Electrical Electronics Systems (concurrently)</td><td>Lee, Bing-Yen</td><td rowspan="7">5,644,000</td><td rowspan="7">0.32</td><td rowspan="7">3,923,000</td><td rowspan="7">10</td><td rowspan="7">39,230</td><td rowspan="7">0.22</td><td rowspan="7">1,721,000</td><td rowspan="7">10</td><td rowspan="7">17,210</td><td rowspan="7">0.10</td></tr>
<tr><td>Senior Vice President/Head of Vehicle Integration & Architecture</td><td>Chen, Ching-Ya</td></tr>
<tr><td>Senior Vice President/Head of Project Mgmt Office</td><td>Huang, Ching-Hsien</td></tr>
<tr><td>Accounting Officer</td><td>Huang, Chih-Ying</td></tr>
<tr><td>Financial Officer</td><td>Ko, Hui-Ching</td></tr>
<tr><td>Chief internal Auditor</td><td>Lin, Tong</td></tr>
<tr><td>Corporate Governance Officer</td><td>Lu, Miao-chich</td></tr>
<tr><td rowspan="10">Employees</td><td>Vice President</td><td>Lu, Suu-Yi</td><td rowspan="10">5,645,000</td><td rowspan="10">0.32</td><td rowspan="10">3,925,000</td><td rowspan="10">10</td><td rowspan="10">39,250</td><td rowspan="10">0.22</td><td rowspan="10">1,720,000</td><td rowspan="10">10</td><td rowspan="10">17,200</td><td rowspan="10">0.10</td></tr>
<tr><td>Vice President</td><td>Wang, Li-We</td></tr>
<tr><td>Sepecial Assistant of CEO</td><td>Chuang, Shih-Wen</td></tr>
<tr><td>Sepecial Assistant of CEO</td><td>Kuo, Yao-Tsung</td></tr>
<tr><td>General Manager</td><td>Wang, Chih-Hsin</td></tr>
<tr><td>General Manager</td><td>Wei, Yun-Fei</td></tr>
<tr><td>General Manager</td><td>Jao, Hsien-Chiu</td></tr>
<tr><td>General Manager</td><td>Liu, Hung-Wen</td></tr>
<tr><td>General Manager</td><td>Wang, Li-Chung</td></tr>
<tr><td>General Manager</td><td>Shan, Yi-Fan</td></tr>
</table>

7. Restricted Stock Award Processing Status: None.

8. Obtain the names and acquisition status of the top ten employees who have acquired

restricted stock award: None.

9. Issuance of New Shares in Connection with Mergers and Acquisitions or with Acquisitions of Shares of Other Companies: None.

10. Implementation of Fund Utilization Plans

(1). Cash capital increase for 2023

1. Project Content

(1). Cash capital increase approval date and document number: Taiwan-Securities-Listing II No. 1121703362 dated September 6, 2023

(2). Total amount of funding required for the project: 7,500,000 thousands NTD

(3). Source of funds: Cash capital increase issued 150,000 thousand shares, with a par value of NT$10 per share, issued at a premium. The issue price per share is NT$50, raising a total of NT$7,500,000 thousand.

(4). Project items and expected funding utilization progress

Unit: Thousands NTD

Project Item	Estimated completion time	Total amount of funds required	Scheduled capital utilization time	
			Fourth quarter of 2023	First quarter of 2024
Enhance working capital	First quarter of 2024	7,500,000	2,500,000	5,000,000

(5). Expected benefits

The company plans to raise a total of NT$7,500,000 thousand for this project, which is expected to be fully used to enhance operational capital. This decision is made in consideration of the company's long-term development and future growth, as well as the need for operational capital to support the continuous growth of the business. By doing so, it will increase the company's own funds, which will have a positive impact on overall operational development and strengthening of the financial structure.

(6). Change project content, change reasons, change before and after benefits, and submit the date of the shareholders' meeting: There is no such situation.

(7). Date of entering data to the information reporting website designated by the Financial Supervisory Commission: September 06, 2023.

2. Implementation Status

(1). Project execution progress

Unit: Thousands NTD

Project Item	Implementation Status		Fourth quarter of 2023	Reasons for being ahead or behind schedule and improvement plans
Enhance working capital	Amount	Estimated	2,500,000	Partial expenses will be deferred and paid in the first quarter of 2024.
		Actual	1,067,993	
	Execution progress (%)	Estimated	33.33%	
		Actual	14.23%	

(2). Project execution efficiency

Unit: Thousands NTD

Item \ Year		Q3 2023 (pre-fundraising)	Q4 2023 (post-fundraising)
Current assets		3,807,428	11,130,605
Current liabilities		722,527	1,458,676
Total liabilities		1,014,077	2,074,493
Interest expenses (including capitalized interest)		555	1,183
Revenue		588,481	1,043,992
Earnings (loss) per share (NTD)		(0.91)	(1.20)
Financial structure	Debt-to-assets ratio (%)	7.71	9.76
	Ratio of long-term funds to property, plant and equipment (%)	1,315.84	1,694.77
Solvency	Current ratio (%)	526.96	763.06
	Quick ratio (%)	421.64	694.49

(3). Benefit assessment

The company’s financial structure and debt repayment ability, including the ratio of long-term funds to real estate, plants, and equipment, current ratio, and quick ratio, have improved after issuing new shares for cash to replenish operating funds. However, the continuous investment in vehicle research and development and mass production in the fourth quarter of 2023 has increased the total liabilities, resulting in a higher debt ratio compared to before the capital increase. The evaluation shows that the company’s current cash capital increase plan has positively contributed to strengthening the financial structure, enhancing the flexibility of capital utilization, improving the company’s operational quality and competitiveness, and the benefits should already be reasonably evident.

V. Operation Overview

1. Business

(1). Business Scope

1. Main business operation

Business item code	Business items
CD01030	Motor Vehicles and Parts Manufacturing
F106030	Wholesale of Molds
F114010	Wholesale of Motor Vehicles
F114030	Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
F401010	International trade
F601010	Intellectual Property Rights
I301030	Electronic Information Supply Services
I501010	Product Designing
I599990	Other Designing
IG02010	Research and Development Service
ZZ99999	All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Proportion of business

Unit: Thousands NTD

Item	2023	
	Revenue	Percentage (%)
Vehicle sales	922,808	88.39
Technical service	110,098	10.55
Others	11,086	1.06
Total	1,043,992	100.00

3. Current product (service) offerings

The company is engaged in the research and development of electric vehicle technology, manufacturing management of complete vehicles and components, and sales services. The main products include platforms, complete vehicles, and parts for electric vehicles. It is a startup company that provides integrated services from key modules to complete vehicle systems. Through a one-stop service, customers can achieve their concept of mobile applications quickly and cost-effectively.

4. New product (service) under development plan

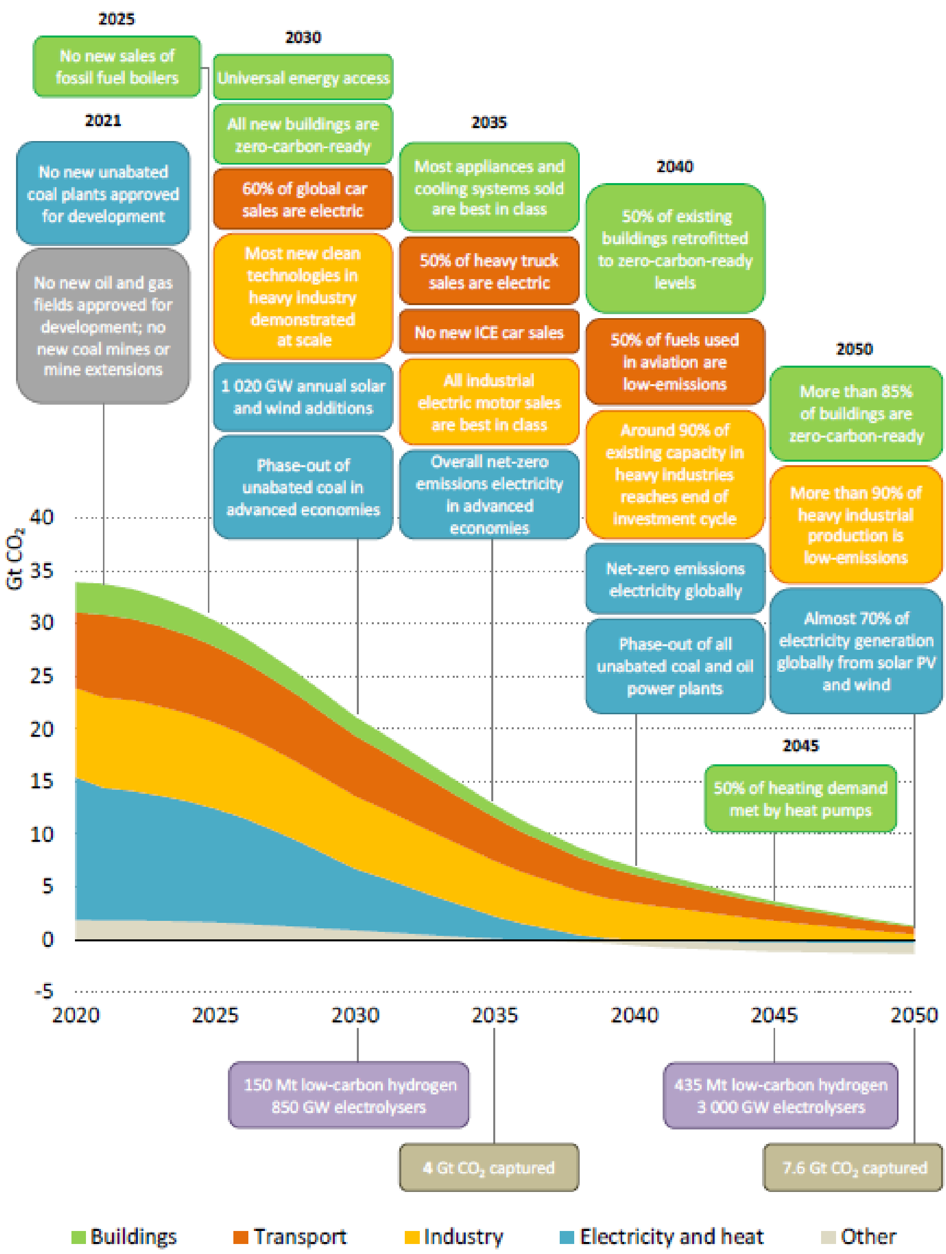
New product item	Statement
Model D reference design	Expected to unveil in October 2024
Model B production vehicle	Expected to start mass production in the last quarter of 2024
Model C overseas production vehicle	Expected delivery in the last quarter of 2025

(2). Industry Overview

1. Current status and development of the industry

(1). “Net Zero Emissions” Opens the Era of Electric Vehicles

[Key Milestones of Net Zero Emission Path]



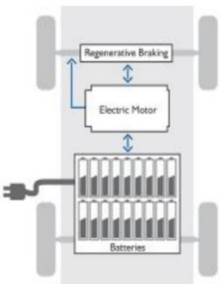
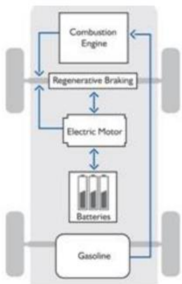
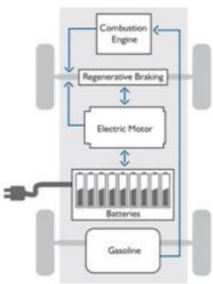
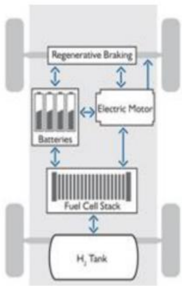
Source: Net Zero by 2050, IEA (2021)

Net Zero Carbon Emissions is committed to minimizing the greenhouse gas emissions generated by human activities, such as coal, oil, and natural gas, as well as non-energy sources like industrial manufacturing, agriculture, and waste. This is achieved through the use of negative carbon technologies such as CO_2 Capture Storage (CCS) and CO_2 Capture Utilization Storage (CCUS), as well as natural carbon sinks like forest and ocean absorption, in order to offset and achieve the goal of net zero emissions.

As the negative impacts of climate change caused by global warming become increasingly severe, the Intergovernmental Panel on Climate Change (IPCC) released a report in March 2022 stating that global warming will lead to a temperature increase of 1.5°C within 20 years. The international community and countries' businesses are paying more attention to this issue. Following the release of the International Energy Agency's (IEA) global energy sector roadmap to net zero emissions by 2050, over 135 countries have responded and declared their net zero emission targets. As shown in the graph above, the targets include achieving a 50% reduction in carbon emissions by 2030, with important milestones such as electric vehicle sales accounting for 60% of total car sales, 1,020 GW (gigawatts) of installed solar and wind power capacity, and zero-carbon readiness in new buildings. By 2040, the goals include achieving global net zero emissions in the power sector, having 50% of buildings ready for zero-carbon, using low-emission fuels for 50% of aviation fuel, and phasing out all coal and oil-fired power plants. By 2050, the goal is to achieve net zero emissions, including having 70% of global electricity generation come from clean energy sources such as solar and wind power, and over 90% of heavy industries adopting low-emission production methods.

(2). Electric vehicle industry

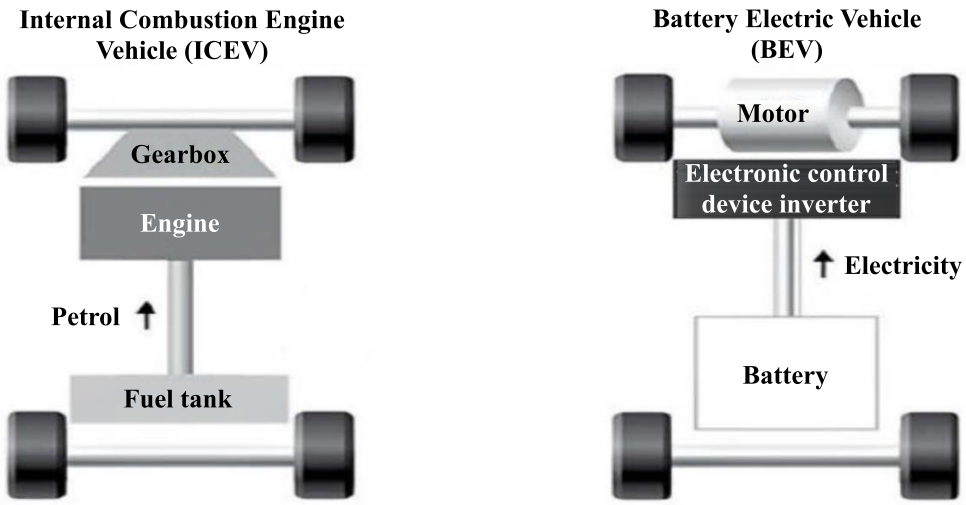
An electric vehicle (EV) refers to a car that is powered by electricity. Currently, mainstream types of electric vehicles can be classified into four categories based on their power systems: Battery Electric Vehicle (BEV), Hybrid Electric Vehicle (HEV), Plug-in Hybrid Electric Vehicle (PHEV), and Fuel Cell Electric Vehicle (FCEV).

Name in Chinese	純電動車	油電混合型電動車	插電式油電混合型電動車	燃料電池電動車
Abbreviation in English	BEV	HEV	PHEV	FCEV
Vehicle body icon				
Power source	Battery	Engine, battery	Engine, battery	Fuel cell
Energy source	Charging	Refuel, charging	Refuel, charging	Hydrogen refueling
Energy form	Electricity	Thermal energy, electricity	Thermal energy, electricity	Chemical energy
Carbon reduction effect	100%	5%~40%	50%~100%	100%

Source: IEK; summarized by Grand Fortune Securities Co., Ltd.

The biggest difference between electric vehicles and traditional internal combustion engine vehicles (ICEVs) lies in their power systems. The power source of electric vehicles is "electricity", while the power source of fuel-powered vehicles is the heat energy generated by gasoline and diesel combustion. As shown in the figure below, the driving system of a fuel-powered vehicle consists of an engine, which is mainly responsible for converting the fuel in the fuel tank into thermal energy through ignition, and then converting it into kinetic energy to enable the car to move. On the other hand, the driving system of an electric vehicle consists of an electric motor, which draws power from the battery and converts electrical energy into kinetic energy to achieve the purpose of movement. In summary, electric vehicles replace the fuel tank and engine with batteries and electric motors. They use electricity to drive the motors and replace fuel with electrical energy, thereby achieving the goal of reducing carbon emissions.

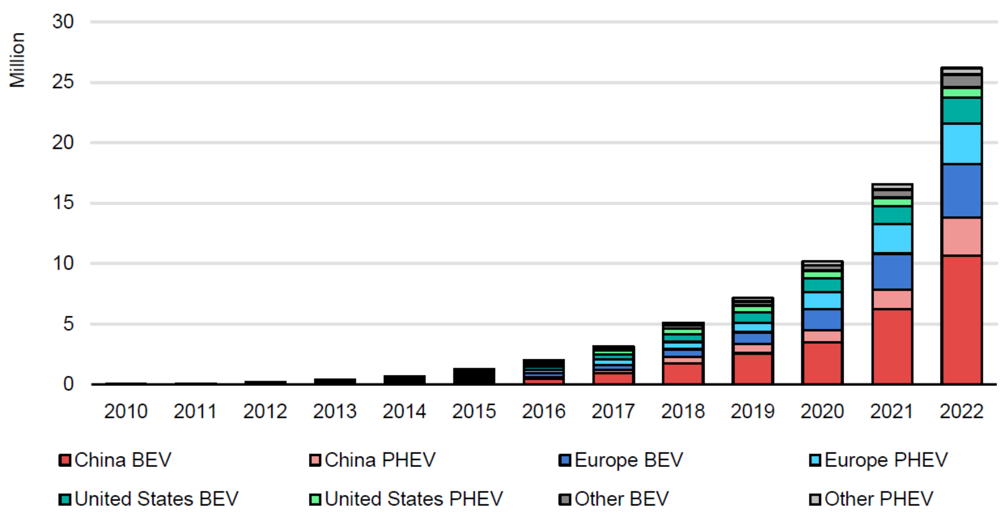
[Fuel Vehicle and Electric Vehicle Configuration Diagram Examples]



Source: Taiwan Economic Monthly; Ministry of Economy, Trade, and Industry in Japan

According to the statistics of the International Energy Agency (IEA) on the global number of electric vehicles, there are approximately 26 million electric vehicles worldwide in 2022. Among them, China, Europe, and the United States are the top three electric vehicle markets globally. Compared to the past five years, the number of electric vehicles has significantly increased. Despite recent events such as the COVID-19 pandemic and the shortage of automotive chips, which have had a negative impact on the global automotive supply chain, countries' car manufacturers continue to push forward with the research and development of electric vehicles and related technologies. This is in line with governments around the world cooperating to achieve the international goal of net zero carbon emissions by 2050, and subsequently implementing policies related to the transition from fossil fuels to electric power.

[Global Electric Vehicle Statistics]



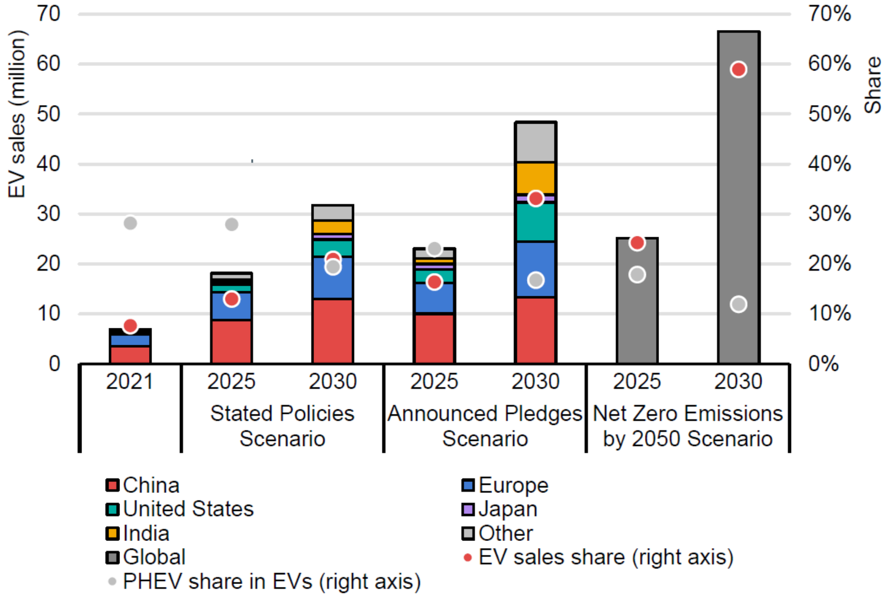
Source: IEA (2023)

The company's electric vehicle products mainly include electric buses and electric passenger vehicles. The target sales markets include Taiwan and the global market. The electric bus Model T is already being sold in Taiwan and Indonesia, while the electric passenger vehicle Model C will be launched for sale in 2023. In terms of the Taiwanese market, the Taiwanese government released the "Taiwan 2050 Net Zero Emissions Pathway and Strategy" in March 2022, setting detailed strategies and goals for four major transformation targets (energy, industry, lifestyle, and society). It specifically sets the goal of achieving full electrification of urban buses by 2030 and achieving 100% market share of electric cars and electric motorcycles by 2040. In the US market, the Biden administration passed the Infrastructure Investment and Jobs Act in November 2021, which aims to build over 500,000 charging stations and upgrade electric grid infrastructure in the United States. Additionally, in August 2022, the "2022 Inflation Reduction Act" was signed, providing tax incentives for the purchase of clean vehicles such as BEVs, PHEVs, and FCEVs. These incentives will be extended until 2032, with the aim of stimulating consumer willingness to purchase electric vehicles.

In addition, Southeast Asia is also an important potential market for the electric vehicle industry. The company plans to enter the Southeast Asian market, such as Thailand and Indonesia. The Thai government is vigorously promoting a series of electric vehicle-related policies, such as aiming to have a total of 1.2 million electric vehicles (with an annual sales volume of approximately 1 million passenger vehicles) by 2036, exempting BEV batteries from consumption tax, and reducing or exempting import duties on components. They are also promoting the "East Economic Corridor" policy to encourage companies to research and develop electric vehicles, thereby promoting the development of the electric vehicle industry in Thailand. In addition, in major international markets, China has extended subsidies and exempted vehicle purchase taxes. In 2018, they also issued the “Parallel Management Measures for Average Fuel Consumption of Passenger Vehicle Enterprises and New Energy Vehicle Credits”, also known as the “Dual Credit System”, to control the sales and transformation of Chinese car manufacturers. The European Union has been implementing the strictest car carbon emission regulations since 2020. 95% of new cars must achieve an average carbon emission of 95 g/km, and by 2021, all new cars must meet this requirement. Additionally, there is a requirement to reduce the average carbon emissions by 15% in 2025 and 37.5% in 2030 compared to the levels in 2021.

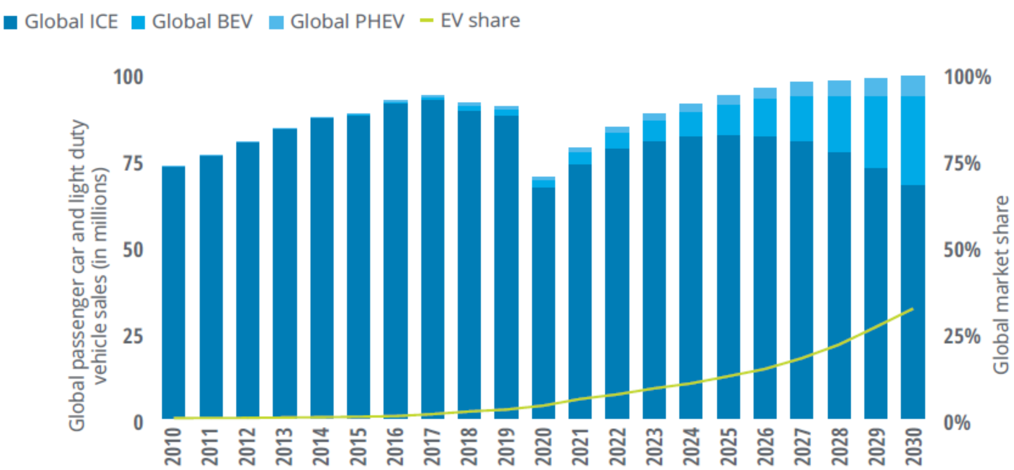
According to the “Global Electric Vehicle Outlook 2022” released by the IEA, under the current policy scenarios in various countries around the world, global electric vehicle sales (excluding two-wheelers and three-wheelers) will grow from 18 million vehicles in 2025 to over 30 million vehicles in 2030, with a compound annual growth rate of 10%. Under the scenario of countries announcing committed visions, global electric vehicle sales will grow from 22 million vehicles in 2025 to over 48 million vehicles in 2030, with a compound annual growth rate of 16%. Under the net zero carbon emission pathway in 2050, global electric vehicle sales will increase from 25 million vehicles in 2025 to over 65 million vehicles in 2030, with a compound annual growth rate of 21%. According to a research report prediction by IHS Markit, global sales of battery electric vehicles (BEV) and plug-in hybrid electric vehicles (PHEV) will increase annually starting from 2022. By 2030, their market share in the global passenger vehicle market is expected to exceed 25%. In summary, it is evident that electric vehicles will continue to grow in sales and their market share in the passenger vehicle segment, driven by international trends.

[2021 ~ 2030 Global EV sales by scenario]



Source: IEA (2022)

[Global passenger vehicle market forecast]

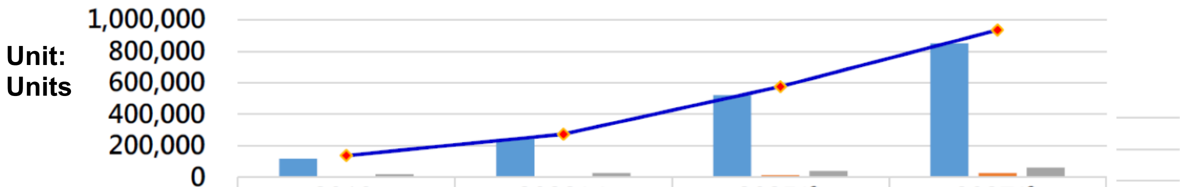


Source: IHS Markit; Deloitte (2022)

(3). Electric bus industry

Electric buses can be divided into self-sustaining and non-self-sustaining types. Self-sustaining electric buses store energy in onboard batteries, similar to electric vehicles with power batteries. Non-self-sustaining electric buses rely on external charging sources, such as flywheel vehicles or trackless trams. Electric buses can be classified into two types based on their length: medium-sized (6.1 ~ 10 meters) and large-sized (over 10 meters). They can also be categorized based on their power source, such as BEV, PHEV, and FCEV. According to the market forecast by research firm MarketandMarkets based on powertrain segmentation, the global electric bus sales volume is estimated to be around 273,300 units in 2022, with BEV, PHEV, and FCEV sales volumes of 242,500 units, 24,900 units, and 5,900 units respectively. It is projected that the sales volume will grow to 934,700 units by 2027, with a compound annual growth rate of 27.88%. The sales volumes of BEV, PHEV, and FCEV are expected to reach 849,800 units, 59,800 units, and 25,100 units respectively, with BEV accounting for the majority at 90%.

[Electric Bus Market Forecast (by Power Type)]



	2019	2022(e)	2025(f)	2027(f)
BEV	116,719	242,534	522,444	849,794
FCEV	2,044	5,934	13,282	25,138
PHEV	17,774	24,893	39,734	59,785
Total	136,537	273,361	575,460	934,717

PHEV	17,774	24,893	39,734	59,785
Total	136,537	273,361	575,460	934,717

Source: MarketandMarkets; Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute (2022/7)

(4). Development of electric vehicle charging station

The global electric vehicle market is advancing rapidly, mainly in regions such as China, Europe, and the United States. Countries are introducing various policies and plans to accelerate the establishment of domestic charging networks. For example, China has previously released the “Energy-saving and New Energy Vehicle Industry Development Plan” (2012 ~ 2022) and the “Green Travel Action Plan” (2019 ~ 2022), which include the overall planning of charging infrastructure in China. This includes planning the transportation system, setting relevant charging facility standards, encouraging the establishment of charging-related enterprises, and establishing charging pricing mechanisms, among other related policies. Subsequently, the “New Energy Vehicle Industry Development Plan” (2021 ~ 2035) was released to promote new directions for charging infrastructure in the next 15 years. The European Union issued Directive 2014/94/EU “Deployment of Alternative Fuels Infrastructure” in 2014, which requires member states to promote alternative fuels and infrastructure. It suggests that there should be at least one charging station every 34 kilometers on the core road network. However, the implementation of policies varies among EU countries, and there are still disparities in the ratio of charging stations to vehicles in different countries. The United States is primarily funded by federal and local governments, which provide incentives such as subsidies, tax reductions, and tax refunds to attract domestic businesses. Companies like Tesla and ChargePoint have captured a market share of 70% of public charging stations. According to the “Current

Situation and Outlook of the Electric Vehicle Industry" from the Industry Economics Database, Taiwan Institute of Economic Research, as well as the "Development Trends of Smart Charging for Electric Vehicles and Preliminary Exploration of Charging Service Demand in Taiwan" report from the Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute, it is pointed out that countries are actively building charging infrastructure. Major regional markets such as the United States are expected to have 500,000 charging stations installed by 2030, the European Union is expected to have 3 million charging stations installed by 2030, and China is expected to meet the demand for 20 million electric vehicles by 2025.

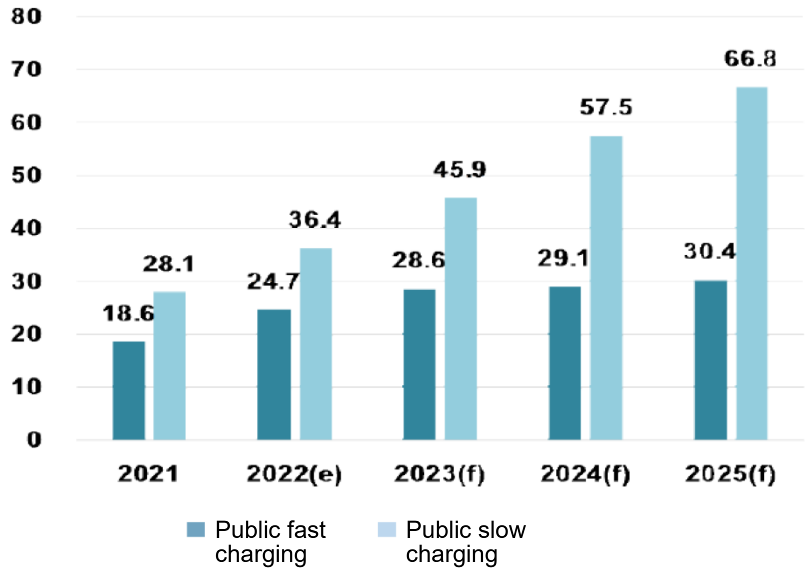
[Charging facility policy establishment goals in various countries]

Item	Charging facility policy establishment goals in various countries
USA	Up to 500,000 units in 2030
European Union	Up to 1 million units in 2025; up to 3 million units in 2030
United Kingdom	Up to 1 million units in 2030
France	Up to 7million units in 2030
Germany	Up to 1 million units in 2030
China	Meet the demand for 20 million electric vehicles by 2025
Japan	Up to 150,000 units in 2030
South Korea	Up to 158,000 units in 2030
Taiwan	Up to 6,500 units in 2025

Source: Industrial Technology Research Institute (2022/11), Industry Economics Database, Taiwan Institute of Economic Research (2023/3); summarized by Grand Fortune Securities Co., Ltd.

[Number of Increased Global Public Charging Station]

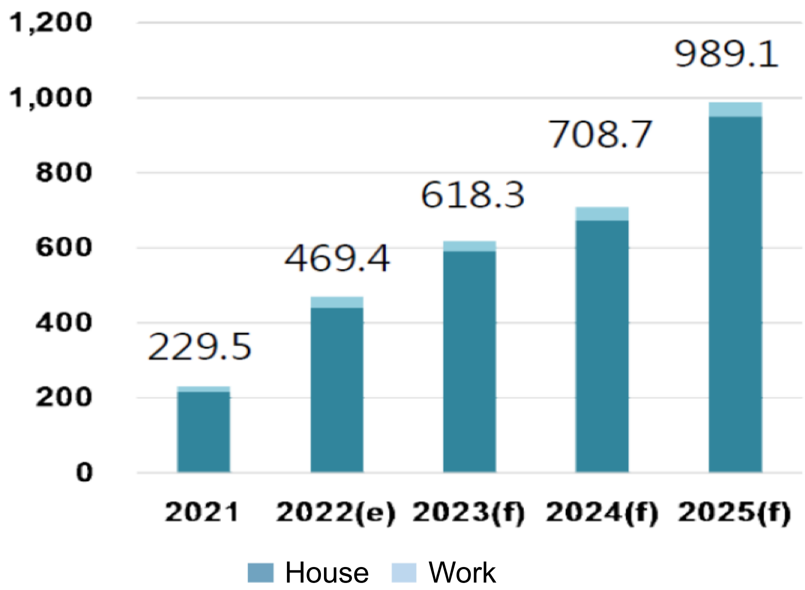
Unit: Ten thousand units



Source: Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute (2022/11)

[Global increase in private charging station installations]

Unit: Ten thousand units



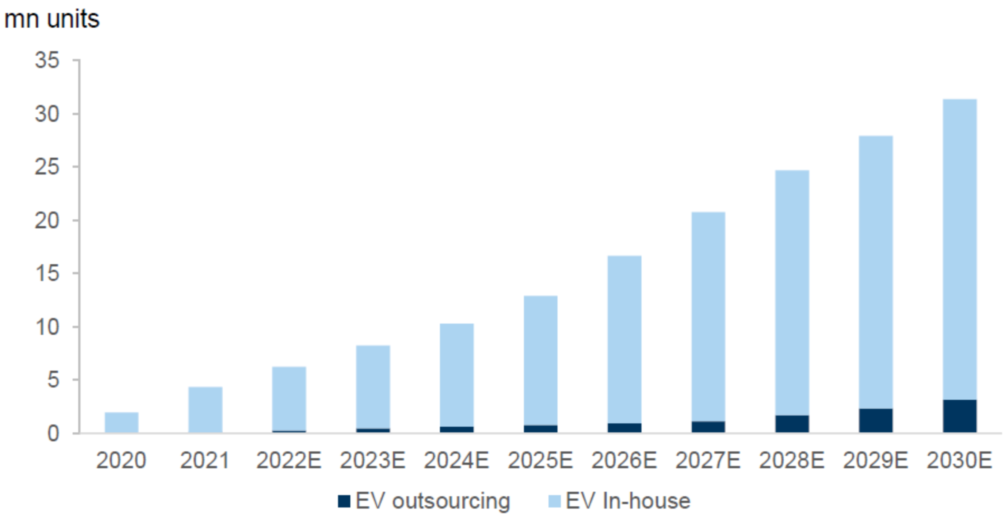
Source: Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute (2022/11)

Global sales of electric vehicles are gradually increasing, with major countries such as China, Europe, and the United States actively deploying charging infrastructure to improve the development of charging networks. According to the report "Trends in the Development of Smart Charging for Electric Vehicles and an Initial Exploration of Charging Service Demand in Taiwan" by the Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute in November 2022, it is estimated that the global installation of public charging stations (including fast and slow charging) will reach approximately 611,000 units in 2022. It is projected to increase to 972,000 units by 2025, with a compound annual growth rate of 16.74%. The estimated installation of private charging stations worldwide will be around 4.694 million units in 2022, and it is expected to increase to 9.891 million units by 2025, with a compound annual growth rate of 28.20%. This indicates that countries are actively promoting policies to respond to the global net zero trend and to create a conducive environment for the development of electric vehicles.

(5). Overview of the Electric Vehicle Contract Manufacturing Industry

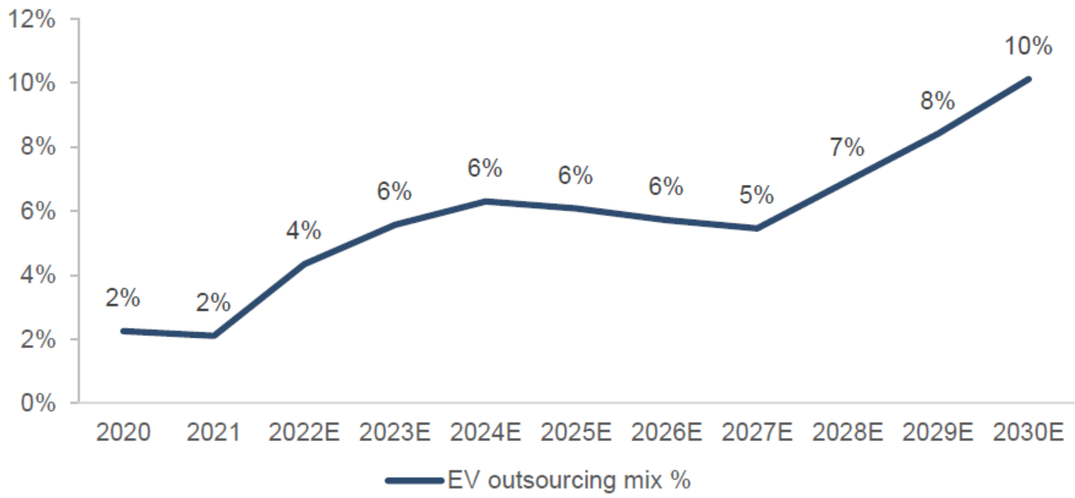
According to IEA predictions, under the net zero carbon emission pathway in 2050, global electric vehicle sales will grow from 25 million vehicles in 2025 to over 65 million vehicles in 2030. The global electric vehicle market will rapidly develop in line with the world's sustainable concepts and trends, and various industry players are actively involved in development. Electric vehicle manufacturers are gradually shifting from in-house production models to outsourcing manufacturing methods. Electric vehicle manufacturers can accelerate the overall industry towards standardization and modular development through outsourcing. This also lowers the entry barrier for new players in the electric vehicle industry, as they do not need to invest heavily in building factories and production costs in the early stages. Instead, they can focus on development and brand management, or collaborate with vehicle design companies to expedite the creation of independent car models, which is beneficial for attracting more electric vehicle industry partnerships. According to Goldman Sachs' "Global EV Outsourcing" report in December 2022, the estimated total outsourcing volume of electric vehicles (EVs) in 2025 is about 8 million units, with a market size of approximately $36 billion. It is projected to grow to 32 million units by 2030, with a market size of around $144 billion, representing a compound annual growth rate of approximately 31.95%. The penetration rate of outsourcing is expected to increase from 6% in 2025 to 10% in 2030.

[EV Outsourcing Market Size]



Source: Goldman Sachs Global Investment Research (2022/12)

[EV Outsourcing Pentration Rate]

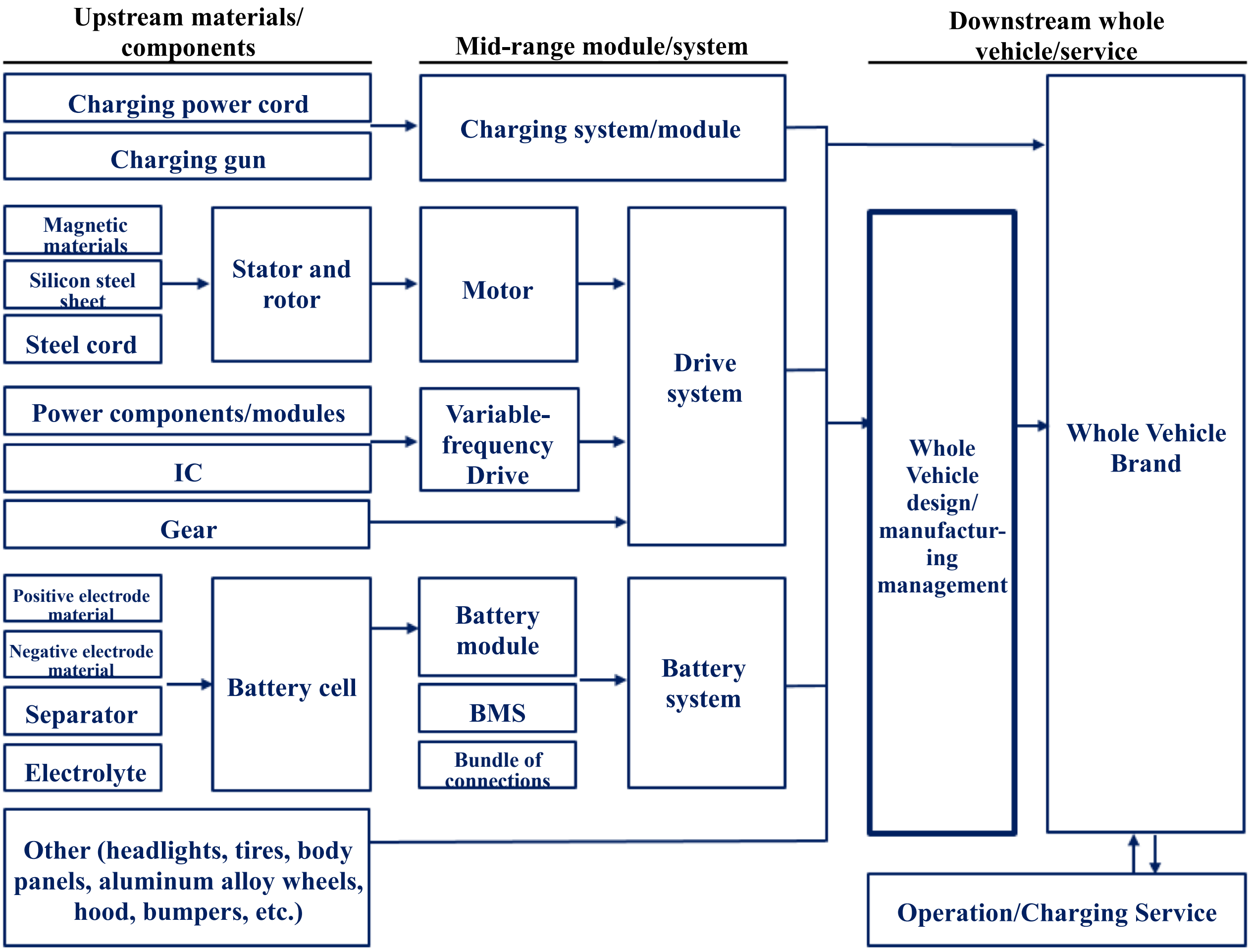


Source: Goldman Sachs Global Investment Research (2022/12)

2. The relationship between upstream, midstream, and downstream industries

   The upstream of the electric vehicle industry mainly consists of battery materials and component suppliers. Upstream products include charging guns, charging power cords, battery materials (such as positive electrode materials, negative electrode materials, electrolytes, and separators), motor materials (such as magnetic materials, silicon steel sheets, and steel wires), power components, ICs, gears, vehicle body materials (such as headlights, tires, sheet metal, etc.). The midstream of the electric vehicle industry mainly integrates the battery materials and components from the upstream into various modules. The main products include charging systems, drive systems, battery systems, powertrains, and other subsystems. The downstream of the electric vehicle industry mainly consists of electric vehicle manufacturers and sales companies. The main products include electric cars, electric buses, electric motorcycles, electric bicycles, and other end products. The following diagram illustrates the upstream, midstream, and downstream relationships of the industry:

[Electric Vehicle Industry Upstream, Midstream, and Downstream Connections]



Source: Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute: summarized by Grand Fortune Securities Co., Ltd.

3. Various trends and competitive situations in product development

(1). Various trends in product development

A. New energy vehicles are moving towards the development of pure electric platforms

The development of new energy vehicles starts with the modification of traditional fuel vehicles, using the platform of fuel vehicles to quickly achieve vehicle electrification and reduce the development cost of electric vehicles by replacing the engine with an electric motor and replacing the fuel system with a battery system. However, there is a significant difference between the engine and fuel system and the electric motor and battery system. They are not the same in terms of size or weight configuration. Electric vehicles converted from fuel vehicles will no longer have a competitive advantage in terms of space efficiency and weight configuration compared to platforms and vehicles designed with a pure electric architecture. Therefore, the new generation of new energy vehicles from various brands are all moving towards a pure electric platform, such as Mercedes-Benz's EVA platform, Volkswagen's MEB platform, Hyundai's E-GMP platform, and so on. In addition to achieving optimal space and weight configuration advantages for pure electric platforms, the company’s open platform is also modular. Through module combinations, it can achieve broader platform specifications and cover the platform needs of more types of vehicles.

B. Electronic and electrical architecture (EEA) is moving towards integrated development

The new generation of vehicles needs to achieve the integration of cars and people in the field of mobility ecology, in order to establish the axis and blueprint of the future mobile world based on the needs of “people”. To achieve this goal, in terms of technical requirements, it is necessary to connect and integrate the information between vehicles through the internet and related software, so that the information between the vehicle owner and the vehicle can be communicated in real-time. It is also necessary to use detection and sensing components such as cameras, ultrasonic sensors, and radar in vehicles to transmit information for integration and analysis, in order to provide diverse and safe autonomous driving functions, etc. And the underlying supporting technology behind this requires vehicles to have a powerful EEA architecture to efficiently, quickly, and safely integrate vehicle control, connected technology, autonomous driving, and in-vehicle infotainment system (IVI). The company’s EEA architecture adopts a highly integrated Fusion Domain architecture, which integrates the dispersed control architecture of vehicles into centralized control, enhancing control efficiency and safety, and efficiently and safely realizing the integration of humans and the vehicle ecosystem.

C. The future of software-defined cars

In the past, traditional car manufacturers relied on hardware equipment to create differentiation. With the rapid development of technologies such as electric vehicles, car connectivity, and autonomous driving, more and more functionalities are now dependent on software. The definition has shifted from hardware to software, paving the way for the future of “software-defined cars”. Software Defined Vehicle (SDV) refers to the control and application system of a vehicle that can be updated through software, such as Over-the-Air (OTA) technology, allowing for further enhancement of the vehicle’s safety, functionality, convenience, and driving experience. It also leads the trend of software development for vehicle applications. In addition to being able to update and activate vehicle functions through software, the company’s vehicles also have a secure mechanism for Software OTA and Firmware OTA on OTA, enabling efficient and secure implementation of software-defined vehicles.

D. V2X technology is flourishing

With the continuous efforts of major international car manufacturers over the years, global automotive autonomous driving has reached the milestone of Level 2 assisted driving and continues to move towards the next stage. As autonomous driving technology becomes more mature, advanced autonomous driving requires the installation of a greater variety of sensors. The communication technology of V2X (Vehicle to Everything), which is equipped with self-driving cars, has become a battleground that must be contested by all. V2X refers to the technology of vehicle communication, including V2V (Vehicle to Vehicle), V2P (Vehicle to Pedestrian), V2N (Vehicle to Network), V2I (Vehicle to Infrastructure), etc. It covers direct and indirect communication methods between vehicles, pedestrians, networks, and transportation infrastructure. It mainly involves communication and information exchange between vehicles and surrounding objects, sharing and processing visual blind spots, safe distances, and environmental parameters, ensuring and reducing uncertainties in driving, increasing intelligent judgment, and providing suggestions to improve driving safety and stability. In addition to having the ability to flexibly configure various types of detector hardware and networking hardware, the company's vehicles are designed with a high-performance EEA control architecture and network security mechanism to ensure the ability to respond to future V2X development needs.

(2). Competition situation

The company is mainly engaged in electric vehicle technology research and development, vehicle and component manufacturing management, and sales services. The industry it operates in is highly competitive. In terms of the main operating elements of the company, the main similar products include Tesla, General Motors (GM), Volkswagen, BYD, NIO, XPeng, and Magna. Under the competition of various brands, the developed models of electric vehicles are diverse, with differences in hardware platform, software platform design, and functionality.

Compared to domestic and foreign counterparts, the company has competitive advantages in terms of product technology, as mentioned above, in modular pure electric platforms, integrated domain EEA architecture, software-defined vehicles, and secure networking. In terms of business models, the company is one of the few manufacturers with the capability of designing and developing electric vehicles as a whole, providing comprehensive services to enterprises that wish to enter the new energy vehicle industry or transform fuel vehicles into new energy vehicles. Using "open mode" and "collaborative development" as the starting point, we aim to break the "traditional closed" and "independent development" model of traditional car manufacturers. Under this mindset, through the company's complete research and vertical integration capabilities, we achieve the feasibility of "modular sharing" and "flexible customization" of products. At the same time, we meet customers' needs for cost and time savings through sharing, as well as customization to create product differentiation, thereby enhancing customers' competitive advantage.

(3). Technical and R&D Overview

1. The technical level and research and development of the business operations

(1). Vertical integration

The company has a foundation and advantage in the traditional automotive and ICT industries. Under the development framework of the new generation EV open platform, we promote vertical integration of software and hardware for critical components.

A. Hardware

Taking the advanced EEA architecture as an example, execute component controls to achieve energy saving and cost reduction. Implement software-defined vehicles through software and hardware separation, and introduce them in the production of Model C Production vehicle. Simultaneously develop advanced architectures for ADAS and IVI, master key technologies, and apply them to autonomous driving and sharing.

B. Software

Motion Control Platform: Integrating control vehicle dynamic units such as brakes, power, and steering at the application layer not only enhances the driving experience for customers but also enables vertical integration of key technologies and reduces development resources through an abstracted framework.

Thermal Control Module: Developing a thermal management system is an important part of energy-saving technology for electric vehicles. By applying heat pump technology, waste heat from the battery and motor is recovered to improve energy efficiency. Combining this with an Active grille system, the aerodynamic coefficient is actively optimized based on different driving conditions, achieving the goal of increasing driving range and energy savings.

(2). Platform application

The whole vehicle EV open platform and advanced EEA architecture platform are developed with modular, shared, flexible, and customized platforms, which are continuously used in product design. They can achieve software and hardware separation and the application development of software-defined cars.

(3). Customized development

Master the development trend of styling, strengthen the development of user experience, optimize global customer service through commissioned design and manufacturing, and shorten development time through vertical integration, modularization, and sharing.

(4). Key component development

In addition to mastering the advanced EEA framework for independent core development, we will also develop in sync with our partners in batteries, motors (electrical engineering), and other key components. By utilizing the modular and shared architecture of the EV open platform, we aim to achieve the design and development of electric vehicles as a whole, enabling rapid realization of independent design concepts, testing, verification, and other developments.

2. Recent annual and year-end R&D expenses incurred up to the date of printing of the annual report

Unit: Thousands NTD; %

Item/Year	2023	As of March 31, 2024
Research and development expenses	2,069,840	727,692
Revenue	1,043,992	822,161
Ratio of Research and development expenses to Revenue (%)	198.26	88.51

3. Successfully developed technologies or products

Year	Result of R&D
2022	Model B (reference design), Model C (commercialized vehicle), Model T (Production vehicle)
2023	Model B (commercialized vehicle), Model C (Production vehicle)

(4). Long-term and Short-term Business Development Plans

1. Short-term Business Development Plans

(1). The first mass-produced electric bus Model T has been sold in Taiwan and Indonesia.Following that, efforts will be made to strengthen the overall layout in the Southeast Asian market and expand into other markets to increase global market share. At the same time, in order to increase production capacity, we plan to build a factory in Kaohsiung Qiaotou.

(2). The mass-produced version of the first SUV - Model C, was put into production and delivery to clients in the second half and in the last quarter of 2023 respectively. In the short term, efforts will be made to expand and sell in overseas markets such as Taiwan and Southeast Asia.

(3). The reference design of the first Crossover - Model B, has been launched and exhibited one after another. The commercialized vehicle design is expected to be completed in 2023, with mass production planned for the fourth quarter of 2024. The initial focus will be on expanding and selling in the Taiwan, Southeast Asia, and European markets.

(4). The first sedan - Reference design product of Model E has been launched and exhibited one after another, and the mass production version will be released based on market and customer demand adjustments.

(5). The first luxury MPV, reference design product of Model D, is planned to be launched in the fourth quarter of 2024.

2. Long-term Business Development Plans

(1). Continuously deepen the CDMS (Contract Design and Manufacturing Service) business model and promote technology services for industry integration.

(2). Continuously cultivating foreign markets such as Taiwan and Southeast Asia, and further expanding the business model to global markets in order to increase market share and avoid the risk of sales concentration in a few markets.

(3). Continuously strive for cooperation with domestic and international brand customers, launch diverse vehicle models, and leverage the advantages of modular vehicle design.

(4). Continuously develop patent technologies for hardware, EEA, and software platforms to enhance overall vehicle design capabilities.

(5). Continuously develop key components and modularization in collaboration with suppliers.

2. Market and Production and Sales Overview

(1). Market Analysis

1. Main product (service) sales (provision) area

Unit: Thousands NTD; %

Year / Region	2022		2023	
	Amount	Ratio %	Amount	Ratio %
Taiwan	232,035	78.38	1,035,055	99.14
Asia	63,998	21.62	8,937	0.86
Total	296,033	100.00	1,043,992	100.00

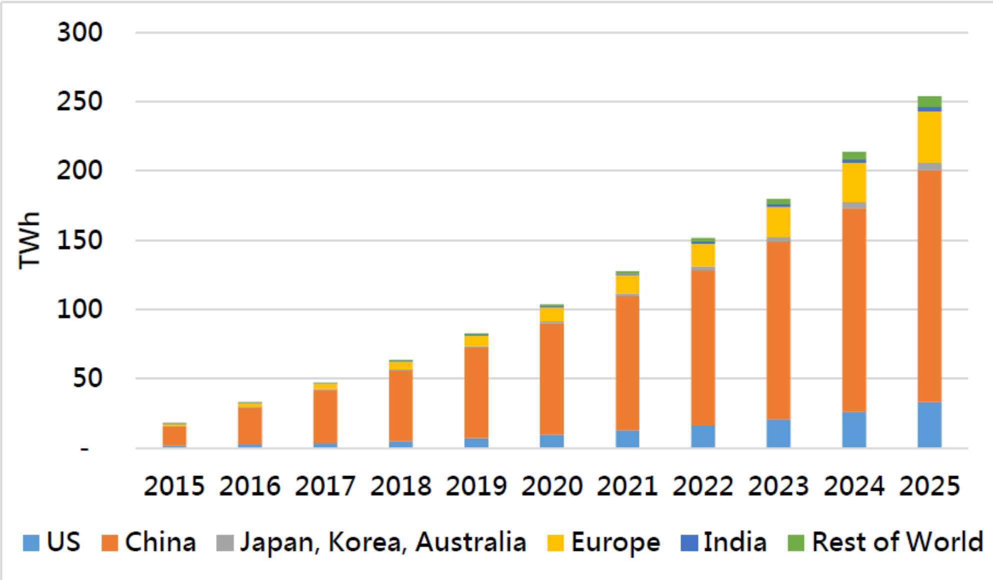
2. Market share

The company mainly engages in electric vehicle technology research and development, as well as the manufacturing management, and sales of complete vehicles and components. We have successfully developed the electric bus for Model T, electric vehicle for Model C, Model B, Model E, and Model D. Among them, the electric bus Model T beban small-scale shipments in the second half of 2022, and gradually be delivered to bus and passenger transport operators through dealers. The market share of Model T accounts for 5.9% of electric bus market in Taiwan as of 2024 Q1. The company will continue to invest in the design and research and development of its core business and various patented technologies in order to provide products that meet customer needs, strengthen cooperation in depth and breadth, and expect growth potential in revenue scale and market share.

3. Market future supply and demand situation and growth prospects

With the increasing sales of electric vehicles, the global demand for power batteries and electricity is also increasing. According to the research institution BloombergNEF's estimation of the global electric vehicle power demand, the power demand in 2022 is estimated to be about 150 TWh (1012 watt/hour), with China, the United States, and Europe being the main demand regions. It is projected that the power demand in 2025 will reach 250 TWh, with an annual compound growth rate of approximately 18.56%. According to the "Global Electric Vehicle Outlook 2022" released by the IEA (see previous chart [2021 ~ 2030 Global EV sales by scenario]), global electric vehicle sales were approximately 7 million units in 2021. It is estimated that global electric vehicle sales will grow to around 18 million units in 2025, with a compound annual growth rate of approximately 26.63%. This indicates that the global electric vehicle market is experiencing vigorous growth as countries continue to promote policies and actively develop related infrastructure.

[Global electric vehicle power demand]



Source: BNEF, IEK (2021)

4. Competitive niche

(1). Solid research and development capabilities, with the ability to design complete vehicles

The company inherits more than 30 years of research and development experience from Yulon Group and Hua-Chuang Vehicle Automobile Information Technical Center Co., Ltd. (hereinafter referred to as Haitec). We have obtained Haitec's patented technology related to electric vehicles, and the company's research and development team continues to devote itself to the development and design of complete vehicles. Through solid chassis platform research and development experience, such as suspension systems, transmission systems, brake systems, steering systems, etc., we have achieved the foundation of the electric vehicle hardware platform. We further combine the development of wheelbase, battery modules, power modules, key components, electronic and electrical systems, etc., to achieve the design, development, and trial production of complete electric vehicles. The company has a research and development team with rich experience in domestic vehicle development, which enables us to quickly realize self-designed concepts, conduct testing and verification, and even bring reference designs to production. This demonstrates the company's extensive and solid research and development capabilities, as well as its ability to design and develop electric vehicles as a whole.

(2). Modularization of car models with flexible customization, combined with comprehensive financial flow recycling efficiency

The company is based on the concept of “shared development”. We modularize the chassis platform, drivetrain, battery pack, and components based on market demand. We have developed four different chassis platforms with varying wheelbases, including SUV (Sport Utility Vehicle), MPV (Multi-Purpose Vehicle), Sedan, and Hatchback. We offer three types of drivetrains: front-wheel drive, rear-wheel drive, and all-wheel drive. The battery pack options include three different configurations based on the number, size, and placement of batteries. Through modularization, customers can easily and flexibly customize their vehicles according to their needs. We can also quickly develop different vehicle models to meet the diverse requirements of our customers. This approach maximizes the efficiency of the “shared” chassis platform and other modular components. On one hand, it helps save costs and development time. On the other hand, by sharing among multiple brands, we can jointly share the initial development costs and alleviate the financial pressure on car manufacturers.

(3). Powerful and advanced EEA framework

In the past, fuel-powered vehicles emphasized the craftsmanship of the chassis and powertrain. There were approximately 1,500 component nodes, each requiring its own control unit and wiring harness. As car functions increased and became more complex, the number of control units and wiring harnesses also increased, resulting in a significant increase in related costs. This made the overall vehicle connection system too large, leading to a decrease in stability and reliability. The company has developed its own advanced Electrical/Electronic Architecture (EEA) for vehicles. The advanced EEA can be seen as the brain and neural network of the vehicle, simplifying the wiring of thousands of automotive components, integrating various electronic components and connectors into a comprehensive solution. It effectively addresses the pain points of traditional electronic architectures in conventional fuel vehicles, while saving 40% of wiring costs and reducing testing and validation time. The company combines advanced EEA architecture with chassis control, powertrain control, body control, body control module (BCM), in-vehicle infotainment system (IVI), advanced driver assistance systems (ADAS), and other areas to achieve continuous upgrading and updating of vehicle software through the application of OTA and software technology, thereby realizing the concept of “software-defined car”.

(4). Deepen the vertical integration capability of “manufacturing management” by combining extensive ICT manufacturing management experience

The company’s management team has a background in the information and communication technology (ICT) industry and years of experience in the automotive electronics field. Due to the complexity of electric vehicle components and the numerous suppliers in the supply chain, the company has incorporated extensive ICT manufacturing management experience to optimize the management efficiency of electric vehicle components. In the past, the ecology of the automotive industry was mostly developed through the standardization of EV systems commissioned by Tier 1 system manufacturers, who integrated the relevant supply chains of Tier 2 and Tier 3. The company is responsible for supply chain management, seeking and evaluating suitable suppliers, and jointly developing with them. Through open vehicle model modules, we deepen cooperation by matching and developing suitable software, hardware, components, batteries, etc. Therefore, in the future, car manufacturers can not only commission the company for vehicle design but also rely on us for vertical integration of suppliers, breaking the rules of Tier 1 system manufacturers and playing the role of Tier 0.5. We serve as the invisible support for various car manufacturers, providing services for vehicle design and even manufacturing management of supplier integration.

(5). Adopt a light asset management model with flexible characteristics

The company specializes in the design and development of electric vehicles. We adopt a "light asset" business model to collaborate flexibly with brand customers. By outsourcing production and assembly to contract manufacturers, we reduce the significant capital expenditure associated with traditional automotive industry. We evaluate the quality, cost, efficiency, and compatibility of contract manufacturers to select the most suitable ones for production, ensuring control over product quality and reducing operational risks. Other international technology giants such as Apple, Amazon, Google, Xiaomi, Tencent, Baidu, etc. are also entering the electric vehicle market. However, they do not have the manufacturing capacity for electric vehicles. If they want to quickly enter the electric vehicle market, they will have to rely on external manufacturing capabilities. It is evident that in the face of intense competition, operating with light assets is becoming a trend. Some countries may implement trade barriers in order to promote and protect the development of domestic electric vehicle companies. However, the company can achieve BOL (Build Operate Localize) through light asset management by finding suitable contract manufacturers locally based on the needs of our brand customers. This allows us to overcome the limitations of exporting to multiple countries from a single production base and enhances our competitiveness in regional manufacturing.

5. Favorable and unfavorable factors and coping strategies for future development

(1). Favorable factors

A. Various countries' policies and favorable conditions are driving the development of the electric vehicle industry

In response to the global trend of net zero emissions, countries have been setting net zero emission targets and implementing various policies. For example, the Biden administration in the United States signed an executive order in December 2021 with the goal of achieving net zero emissions by 2050. They have also passed a $1.2 trillion infrastructure bill to promote the construction of electric vehicle charging networks. In October 2020, Japan released the “Green Growth Strategy” which focuses on areas such as wind power, hydrogen energy, and electric vehicles to promote greenhouse gas reduction. The European Union has proposed the Carbon Border Adjustment Mechanism (CBAM), which requires imported products to pay CBAM certificates to accelerate carbon reduction efforts in various countries. China has declared in 2021 that they will strengthen the implementation of “dual control of energy consumption” (total energy consumption and intensity control), limiting high-energy-consuming enterprises and their electricity consumption. They are also promoting the “Energy Saving and New Energy Vehicle Technology Roadmap 2.0”, which aims to have electric vehicle sales account for 25% of total vehicle sales by 2025. They are providing preferential policies for electric vehicle charging, parking, and public services. By 2035, all new car sales will be environmentally friendly vehicles, with 50% pure electric vehicles and 50% hybrid vehicles. Taiwan is also promoting the “Taiwan 2050 Net Zero Emissions Pathway and Strategy”, setting a target for electric vehicle sales to reach 30% and aiming for 100% by 2040. In addition to carbon reduction and energy policies, countries have set clear targets and timelines for banning gasoline vehicles. For example, Norway has announced a ban on gasoline vehicles by 2025, while the European Union, Canada, and China have set a target of 2035. Japan plans to ban pure gasoline vehicles (excluding HEV and PHEV) by 2035. Some state governments in the United States have also proposed bans, although there is no federal legislation yet. As mentioned above, all countries are actively responding to the net zero trend, and the policies enacted have largely benefited the electric vehicle industry, leading to its active development. It is expected to drive the future development of the company in sync.

B. Open platform sharing, breaking traditional closed ecosystem

In the past, the traditional automotive industry ecosystem was closed, with each car manufacturer collaborating with their Tier 1 suppliers to develop and accumulate extensive testing data and parameters for key components such as electric motors, chassis, suspension, main systems, sub-systems, etc. This was done in order to develop their own fuel-powered vehicle models and maintain competitiveness. External supply chains are extremely difficult to penetrate into closed ecological chains and supply chains that have already formed. The development of external supply chains requires a significant amount of time and cost. However, even after investing in the development of external supply chains, there is no guarantee of achieving corresponding development results, returns, or validation and adoption by end car manufacturers, creating a significant entry barrier. The company is based on the principles of “open mode” and “shared development” to attract more market participants to develop related products based on the company’s EV sharing platform. By using the successful EV sharing platform developed by the company, along with upstream and midstream suppliers, we can obtain various parameters of the EV sharing platform to assist in testing and developing their own major development projects. This helps to save the high investment costs and time of various automotive components, software, and hardware supply chains. After the successful development, the company will integrate and manage suppliers to collaborate and develop related components, in order to break the traditional closed gap and facilitate the creation of an ecosystem centered around the company’s platform, achieving a win-win situation.

C. Efficient execution team

Since its establishment in November 2020, the company’s highly efficient execution team immediately showcased three reference design cars, Model C, Model T, and Model E, at the “HHTD (Hon Hai Technology Day)” in October 2021. Following that, the Model T has already achieved mass production in mid-2022, and the Model C also began mass production in the second half of 2023, setting a record of producing two car models within three years of the company’s establishment. Subsequently, new products will be released at a rate of one car per year.

The first model, Model C, built on the company’s EV sharing platform, is a pure electric SUV with a spacious 5 + 2 seating arrangement. The positioning of Model T is smart transportation, featuring a high-strength body protection design, a maximum power battery module of 400 kWh, and a range of 400 kilometers for urban transport buses. The reference design of Model E is developed in collaboration with the renowned Italian design company “Pininfarina”, focusing on advanced dynamic control technology, high-performance electric drive, luxurious and comfortable interior, and long-lasting battery life to address user concerns about mileage anxiety. The company has further collaborated with Luxgen and commissioned the design and planning of the commercialized vehicle Model C. We have launched the Luxgen “n^7” model and achieved pre-orders of over 25,000 vehicles. The company has successfully developed electric cars and electric buses in a short period of time, and has achieved sales records through cooperation with domestic and foreign brand car manufacturers. This helps the company further expand and secure orders and collaborations from domestic and international customers.

D. New generation technology evolution, continuous optimization of product performance

New generation technologies such as third-generation wide band gap semiconductor technology evolution, the first-generation semiconductor “silicon (Si)” has reached its physical limits, unable to further improve speed, power, and reduce heat loss, etc. The second-generation semiconductors “gallium arsenide (GaAs)” and “indium phosphide (InP)” have characteristics such as high frequency, high voltage resistance, and radiation resistance, and are widely used in wireless communication, optical communication, defense, aviation, and satellite fields. However, the temperature, power, and frequency conditions of low bandgap materials used in the first and second generations of semiconductors cannot be overcome after being subjected to heat or energy. Moreover, when the operating temperature exceeds 100°C, the products are prone to failure or degradation, making them unsuitable for harsh environments. Therefore, the third-generation wide bandgap semiconductors have emerged as a result. The third-generation wide bandgap (Wide Band Gap) semiconductors mainly include silicon carbide (SiC), gallium nitride (GaN), and gallium oxide (Ga_2O_3). Due to their material characteristics, they can achieve higher voltage, generate greater power, reduce energy consumption, and significantly reduce the size compared to silicon (Si) components. They are also suitable for use in high temperature, harsh automotive environments, or small spaces. Therefore, various car manufacturers are actively adopting wide bandgap semiconductors in applications such as low-power air conditioning systems, water pumps, auxiliary systems, as well as high-power main drive inverters and on-board chargers. With the introduction of new generation technologies such as the third-generation wide bandgap semiconductors, the company will be able to jointly develop multiple component functions and applications with suppliers, achieving advantages such as simplified design, miniaturization, lightweight, reduced energy consumption, and cost reduction. The performance of our products will continue to be optimized.

(2). Unfavorable factor

A. Traditional car manufacturers and technology giants are aggressively catching up

With the implementation of carbon reduction policies in various countries, and the continuous introduction of subsidies for the electric vehicle industry, many traditional car manufacturers such as Volkswagen, GM, Toyota, Ford, Hyundai, Mercedes-Benz, BMW, etc., have all joined the ranks of researching, developing, and selling electric vehicles. Traditional car manufacturers currently dominate the global automobile sales market, and they have a considerable presence in sales channels, supply chains, and maintenance systems. With years of experience in research, development, and sales of fuel-powered vehicles, they have a strong momentum in catching up with the development of electric vehicles. In addition, technology giants such as Apple, Amazon, Google, Microsoft, Sony, Tencent, Xiaomi, and Baidu have successively entered and invested in the electric vehicle market. They have acquired start-up car manufacturers, participated in joint development of automotive systems, or developed with the concept of shared modules. With the entry of non-automotive industry players such as technology giants into the electric vehicle market, existing car manufacturers will face pressure from many competitors.

Coping strategies

The company inherits years of rich research and development experience in the field of electric vehicles from Haitec, as well as a strong research and development team. After the establishment of the company, we have successively released and exhibited electric vehicle products such as Model C, Model B, and electric bus Model T. Among them, the electric bus has already achieved sales performance, and the domestic brand car manufacturers have adopted the electric vehicle Model C. The company utilizes the advantages of modular vehicle design to provide brand customers with engineering design and vehicle testing services. During the execution of engineering tests, adjustments and improvements are made based on accumulated data such as power, safety, durability, and NVH performance. For latecomers, it takes several years to obtain and accumulate relevant parameters, and they have less experience in performance tuning and handling, which prolongs the engineering design and testing process. Additionally, latecomers find it difficult to obtain vehicle testing parameters and other data from other industry peers, and the integration of software, hardware, and systems also requires time and cost, making it challenging for new vehicle models to keep up with the development speed of the company. The company abandons the traditional approach of relying on a single vehicle model chassis platform for designing a single vehicle model, and instead develops different vehicle models through modular vehicle design, saving development time and cost. We will continue to research and develop related patented technologies and deepen our core capabilities to widen the gap with market competitors and strive for cooperation opportunities with all electric vehicle manufacturers, including traditional car manufacturers and technology giants. The company will provide design and manufacturing management services to make them our target customers rather than competitors.

B. The research and development process is time-consuming

It takes 3 to 5 years for a single vehicle model to go from design, development, and verification to market launch. The investment cost is extremely high, and the payback period after investment until mass production and sales is long. Moreover, if there are changes in the industry, policies, market, or user habits during the development period, it is possible that the vehicle model that has already been invested in research and development may lose its original competitiveness, becoming an operational risk that every car manufacturer will inevitably face.

Coping strategies

The company is based on the concept of modularization of vehicle models, and is committed to design and research and development through the thinking of sharing chassis platforms. By modularizing chassis platforms, battery packs, and driving methods, the development of different vehicle models can be flexibly based on customer needs, allowing for quick "flexibility" choices or upgrades, achieving a more comprehensive "customization". In addition, through the company's self-developed advanced EEA architecture, the development and testing time of vehicles can be effectively shortened, and investment costs can be reduced, solving the pain points of longer development and recovery periods for traditional car manufacturers.

C. Insufficient infrastructure leads to anxieties about charging and mileage for car owners

Charging anxiety refers to the longer time it takes for vehicle owners to complete charging; range anxiety refers to the mileage limitation of a vehicle's ability to travel on a single charge. With the booming development of the electric vehicle industry and the increasing willingness of consumers to purchase, global electric vehicle sales have been climbing year by year. In the initial stage, the establishment relied on the infrastructure construction plans and related subsidies of various governments. However, the construction of charging stations in various countries is still severely inadequate, which easily leads to charging anxiety and range anxiety for vehicle owners. This will also suppress consumers' willingness to purchase electric vehicles.

Coping strategies

In addition to various countries implementing infrastructure plans and related subsidy policies, car manufacturers are also working on increasing charging power to address charging anxiety. There are two ways to increase charging power: increasing voltage or increasing current. Currently, electric vehicle manufacturers mainly use a 400 V voltage platform. When they travel approximately 500 kilometers, the average charging time takes more than 1 hour. Compared to refueling time for gasoline vehicles, it is not convenient. In recent years, various car manufacturers have been actively developing 800 V voltage platforms. By increasing the charging power to over 300 kW, they can reduce heat loss and achieve high-power fast charging. This also helps to reduce wiring and battery costs, improve system efficiency, extend the driving range, and alleviate the charging anxiety of car owners. The company optimizes through engineering design, such as reducing wind resistance, tire resistance, and power design.

Additionally, it achieves the goal of reducing energy consumption by utilizing technologies such as waste heat recovery and regenerative braking, in order to alleviate range anxiety.

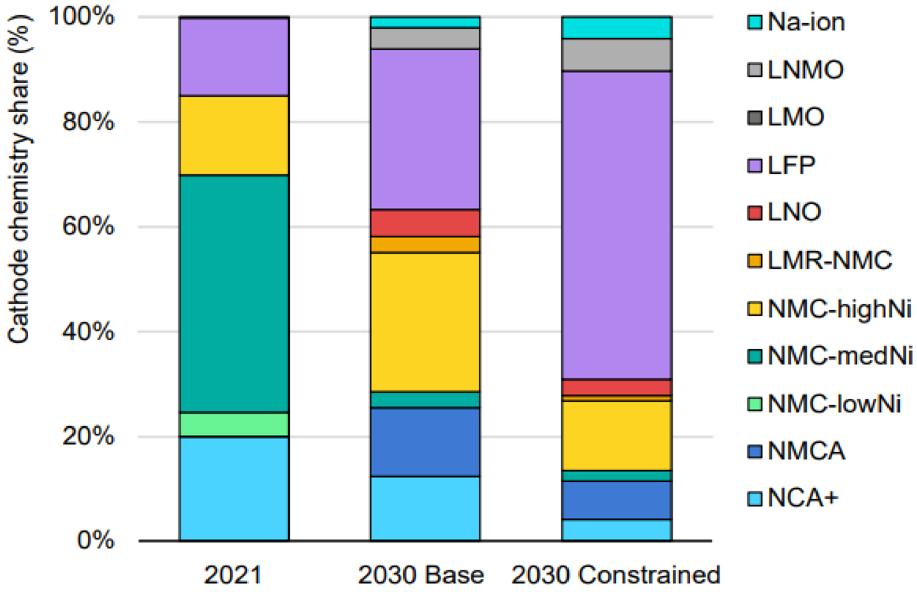
D. Battery materials are scarce

The application fields of lithium batteries are extensive, including electric vehicles, consumer electronics products (such as laptops, mobile phones, power banks, etc.), and energy storage, among which power batteries have the largest proportion. The strong growth momentum of the electric vehicle industry is due to various car manufacturers actively investing in the development of their own electric vehicles. According to Digitimes Research's estimation, the demand for power batteries will account for 80% of the overall lithium battery market starting from 2024. Additionally, the installed capacity of power batteries is projected to reach 1,689 GWh in 2025, representing a growth of 569% compared to that in 2021. Among them, battery materials are mainly divided into three types: ternary, lithium iron phosphate, lithium cobalt oxide, lithium manganese oxide, etc. Currently, the mainstream technologies in the market are focused on ternary batteries and lithium iron phosphate batteries (LFP). The ternary battery is mainly composed of three chemical elements: nickel, cobalt, and aluminum (NCA) and nickel, cobalt, and manganese (NCM). Its advantages are high energy density, resulting in longer mileage. However, its disadvantages are lower safety and stability. The main raw material, cobalt, is a strategic and scarce metal. The supply and price of cobalt will affect the cost and installation volume of power batteries for electric vehicles, as well as the production and sales volume of electric vehicles.

Coping strategies

The company's current vehicle models, Model C, Model B, and Model T, mainly use lithium iron phosphate batteries (LFP). The main advantages of LFP batteries are higher safety, longer cycle life, lower cost, and higher energy storage capacity. However, they have lower energy density and poorer performance in low-temperature environments. With international car manufacturers such as Tesla, Mercedes-Benz, Volkswagen, etc. starting to adopt lithium iron phosphate batteries, it is evident that lithium iron phosphate batteries have become one of the mainstream choices as a power battery material. According to the "Global Electric Vehicle Outlook 2022" released by the International Energy Agency, the market share of lithium iron phosphate batteries will exceed 50% by 2030, becoming the mainstream choice. Nowadays, lithium iron phosphate batteries are integrated and packaged using technologies such as CTP (Cell to Pack) and CTC (Cell to Chassis). The former integrates the battery core into the battery pack, while the latter integrates the battery core into the chassis of an electric vehicle, achieving higher integration levels. This aims to improve energy density and reduce costs. Alternatively, nano-scale processes can be used to develop lithium iron phosphate batteries or lithium manganese iron phosphate batteries (LMFP). In summary, the company collaborates continuously with battery module suppliers to develop and enhance in order to avoid the risk of insufficient supply of power batteries due to low reserves, high prices, and limited availability of certain metal materials.

[Forecast of market share for positive electrode battery materials]



Source: IEA (2022)

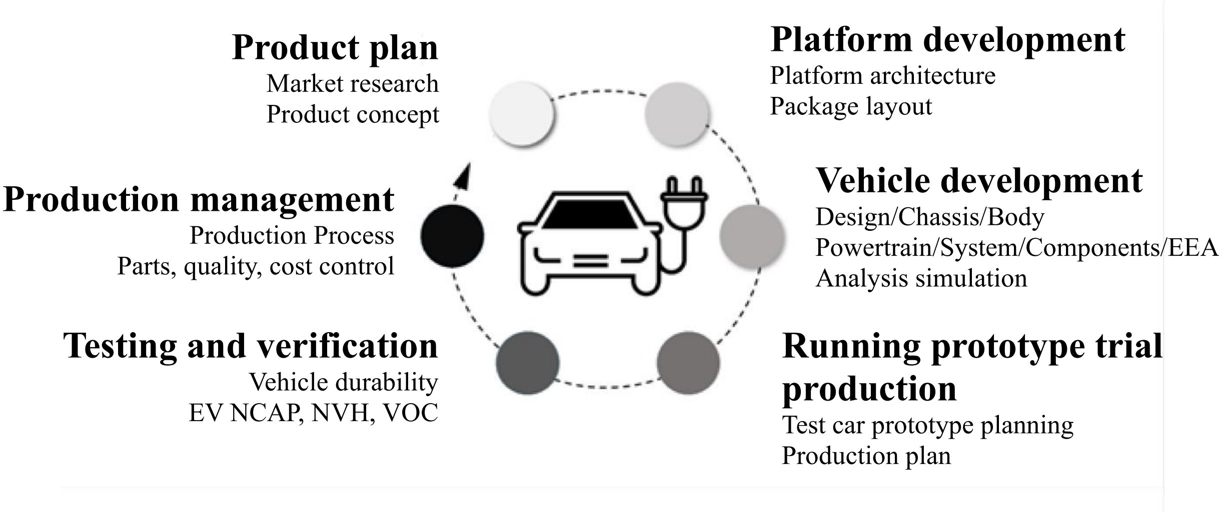
(2). The important usage and production processes of the main products

1. Important uses of main products

<table>
<tr><th>Main product names</th><th>Purpose</th></tr>
<tr><td>Open EV Platform</td><td>As an open platform, we can provide customers with modular design and create different car models according to their preferences.</td></tr>
<tr><td>Model B for reference design and commercialized vehicle</td><td rowspan="2">1. The reference design is built by the company based on product planning in order to gather market and customer feedback, and then provide customers with reference designs to develop into complete vehicle products that meet customer needs.
2. The commercialized vehicle is a complete vehicle product designed and developed by the company based on the reference design, taking into account market trends and feedback from potential customers.
3. Production vehicle is designed and developed by the company based on the commercialized vehicle and is according to customization and differentiation needs of customers. These cars are launched into the market as complete products to meet customer demands.</td></tr>
<tr><td>Model C for reference design, commercialized vehicle and production vehicle</td></tr>
<tr><td>Model D for reference design</td><td>Same as the reference design.</td></tr>
<tr><td>Model E for reference design</td><td>Same as the reference design.</td></tr>
<tr><td>Model T for reference design and production vehicle</td><td>The production version is based on the reference design provided by the customer, and is designed and developed by the company to meet the customer’s requirements for range, passenger capacity, and appearance, among others.</td></tr>
</table>

2. Manufacturing process of main products

   The company develops all products through the entire vehicle development process, starting from product concept and project planning, platform development and configuration adjustments, and proceeding with overall vehicle development including styling and various engineering simulation analyses, until the trial production of reference designs. We will proceed with the relevant design adjustments, testing, and verification to make the product more mature and move towards mass production based on the confirmation of customer’s requirements for style and destination(market) regulations. In addition, the company will also cooperate with customers’ local areas and countries to select the most suitable manufacturing solutions and manufacturers, and the company will execute related production management such as parts and quality.



(3). Supply status of main raw materials

The main raw material of the company's products is automotive battery module. We mainly purchase from internationally renowned suppliers. The company has a good cooperation with the suppliers, and the purchase price is regularly adjusted according to the actual global raw material supply and cost. In addition, the company strictly controls the quality of the supply to ensure the reliability of the raw materials.

Main ingredients	Main suppliers	Supply situation
Car battery module	B1 Company	Good

(4). Names of customers accounted for more than 10% of the total volume of imports (sales) in any of the last two years, as well as the amount and proportion of their purchases (sales), and the reasons for their changes in increase or decrease

1. Information on the major suppliers in the last two years

Unit: Thousands NTD

Item	2022				2023			
	Name	Amount	Percentage of net purchases for the entire year (%)	Relationship with the Issuer	Name	Amount	Percentage of net purchases for the entire year (%)	Relationship with the Issuer
1	B1 Company	186,464	34.41	None	B1 Company	581,947	46.40	None
2	B2 Company	78,391	14.47	None	Others	672,296	53.60	—
	Others	277,052	51.12	—				
	Net Purchase	541,907	100.00			1,254,243	100.00	

Reasons for increase or decrease

Changes in purchase amount and proportion are mainly due to changes in customer product demand.

2. Main sales customers data in the last two years

Unit: Thousands NTD

Item	2022				2023			
	Name	Amount	Percentage of net sales for the year (%)	Relationship with the Issuer	Name	Amount	Percentage of net sales for the year (%)	Relationship with the Issuer
1	A2 Company	120,129	40.58	—	A3 Company	264,284	25.31	—
2	Luxgen	83,715	28.28	Related parties (Note 1)	A4 Company	180,096	17.25	—
3	EMB Company	63,998	21.62	Note 2	Luxgen	171,410	16.42	Related parties (Note 1)
4	—	—	—		A5 Company	122,979	11.78	
	Others	28,191	9.52	—	Others	35,223	29.24	—
	Net sales	296,033	100.00		Net sales	1,043,992	100.00	

Note 1: Luxgen is a subsidiary of Yulon Motor Co., Ltd.

Note 2: The company sold a total amount of 63,998 thousand yuan of electric buses Model T to EMB Company, of which 53,331 thousand yuan (18.02% of net sales) belongs to related party transactions. The main reason is that PT Foxconn Indika Motor (FIM Company), a related enterprise of HON HAI PRECISION IND. CO., LTD. purchased electric buses from the company through PT Energi Makmur Buana (EMB Company).

Reasons for increase or decrease

Changes in sales amount and proportion are mainly due to changes in customer product demand.

(5). Recent production volume and values for the last two years:

The company is not in the manufacturing industry, so there is no production value.

(6). Recent sales volume and values for the last two years

Unit: In Thousands of New Taiwan Dollars

Year / Sales Volume and Value / Main products	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Vehicle sales	17	139,929	6	63,998	162	922,808	—	—
Technical service	(Note 1)	89,106	—	—	(Note 1)	101,212	(Note 1)	8,887
Others	(Note 2)	3,000	—	—	(Note 2)	11,035	(Note 2)	50
Total	—	232,035	6	63,998	—	1,035,055	—	8,937

Note 1: It belongs to the service industry, so it is not possible to calculate sales volume.

Note 2: The main income includes revenue from vehicle component replacements, which cannot be calculated based on sales volume.

3. Recent Two-Year and Year-End Employee Data for Printing and Publishing of Annual Reports

Unit: Person; age; year

Year		End of 2022	End of 2023	As of March 31, 2024
Number of employees	Managers	6	6	6
	Developers	513	595	597
	General employee	136	203	217
	Total	655	804	820
Average age		41.2	41.1	41.1
Average years of service (Note 1)		1.7	2.1	2.3
Average years of service (Note 2)		8.5	7.4	7.4
Educational background distribution ratio %	Doctoral degree	1.37	0.87	0.85
	Master degree	56.49	54.23	54.76
	College/University	40.15	43.16	42.68
	High school degree or equivalent	1.99	1.74	1.71
	Less than high school degree	-	-	-

Note 1: The company was established on November 6, 2020, which is the average length of service of the company.
Note 2: It includes the average years of service of the company and Haitec.

4. Environmental expenditure information

Losses suffered due to environmental pollution in the recent fiscal year and up until the printing date of the annual report: There is no such situation.

5. Labor-Management Relations

(1). Employee welfare measures, continuing education, training, retirement system, and implementation status, as well as labor-management agreements and employee rights protection measures

1. Employee welfare measures

(1). Enjoy special leave and allocate retirement benefits in accordance with the law, establish a staff welfare committee to coordinate welfare activities and safeguard the rights and interests of workers.

(2). All employees are required to participate in labor insurance and national health insurance in accordance with the law. In addition, the company provides group insurance and travel insurance for employees, with the premiums paid by the company.

(3). Regularly conducting employee health checks to ensure the well-being of employees.

(4). The Spring Festival, Labor Day, Dragon Boat Festival and Mid-Autumn Festival both have cash gifts or presents.

(5). Marriage, funeral, childbirth, etc. are all eligible for subsidies.

2. Employee development and training

   To enhance employees' professional skills, improve work efficiency, and emphasize the importance of product quality, internal and external training will be conducted to strengthen the professional capabilities of employees in various functional departments. The company's training programs are listed as follows:

   (1). New employee training. On the first day of employment, a briefing session will be provided to new employees regarding the company's corporate culture, organizational history, work rules, employee benefits, important notices, and an introduction to the working environment, in order to give them a basic understanding of the company.

   (2). Employee Training: Cultivate employees' professional skills, knowledge, and management abilities in their work.

3. Retirement system and implementation status

   The company aims to ensure a stable retirement life for its employees and enhance their service spirit during their employment. In accordance with the regulations of the Labor Retirement Pension Act, a retirement fund is allocated to each employee's personal retirement account at a rate of 6% of their monthly salary.

   The company has established a defined retirement policy, applicable to employees who meet the retirement criteria as of November 6, 2020. In addition, the company estimates the balance of the retirement reserve account for the previous year before the end of each fiscal year. If the balance is insufficient to pay the estimated retirement benefits for eligible employees in the following year, the company will make a one-time allocation of the difference by the end of March of the following year.

4. Agreements between labor and management and measures to protect employee rights

   The company values employee rights and maintains harmonious labor relations and convene a labor-management meeting quarterly. Employees can exchange comments through open communication channels to maintain a good interaction between labor and management. As a result, there have been no significant labor disputes to date.

(2). Work environment and employee personal safety protection measures:

The company has established occupational safety and health management personnel and fire management personnel in accordance with the laws and regulations to ensure the safety and health of employees in the workplace. The main implementation measures are as follows:

1. Environmental safety aspect

   (1). Handle the declaration of public safety inspection and maintenance of buildings.

   (2). Set up access control card swiping and cooperate with security management. In case of any abnormality, security personnel will promptly contact the emergency contact person to eliminate the anomaly and ensure the safety of company personnel and property.

(3). Perform daily inspections of fire sources, fire evacuation facilities, and fire safety equipment every month.

(4). Carry out two self-defense fire brigade training sessions and one fire safety equipment inspection declaration every year to reduce the risk of disasters to employees and property.

(5). Quarterly water quality testing for water dispensers.

(6). To set up an AED (Automated External Defibrillator) in the work environment to prevent accidents.

(7). All our mechanical, electrical, and fire protection equipment in this company require at least one annual maintenance or repair.

2. Employee safety

(1). Perform employee annual health check-ups.

(2). Regularly arrange specialist doctors to provide on-site health services, and employ full-time nurses to continuously care for the physical and mental health of employees.

(3). Conduct employee occupational safety and health education training.

(4). Set up first aid personnel according to regulations and regularly arrange lectures and training.

(5). In order to effectively reduce the risks of employees being exposed to harm and contracting occupational diseases, the company has developed relevant plans in response to workplace health issues under the Occupational Safety and Health Act. These plans include addressing human factors engineering, unlawful infringement, overwork, and maternity protection. Additionally, a questionnaire survey will be conducted among colleagues as a follow-up health risk assessment and improvement measure.

(6). According to the Gender Equality Act, a sexual harassment complaint and investigation channel shall be established, and all employees are required to comply with the law.

(7). Occupational safety personnel periodically inspect the workplace for hazards.

(8). Regular maintenance is arranged for the official vehicles used by employees to prevent accidents.

(9). Provide employees with group insurance, labor insurance, health insurance, and occupational accident insurance.

(10). For the tracking and retraining of legal education training certificates, in order to comply with the latest regulations.

(11). Accident Reporting and Handling Operations Company formulates accident handling operation regulations as the basis for implementation. When colleagues have accidents, the company's occupational safety personnel or occupational health personnel will provide health care and assistance. Internal accidents in the factory, safety personnel and unit supervisors initiate accident investigations, propose improvement measures to prevent further accidents.

(3). To specify the losses incurred as a result of labor disputes in the most recent year and up to the publication date of the annual report: None.

6. Information Security Management

(1). To state the information security risk management structure, information security policy, specific management plan and resources invested in information security management:

1. Information Security Management Risk management framework

   The company established the position of Information Security Manager on December 4, 2023, and appointed Mr. Chen, Jung-Kuei, Vice President of the CEO Office, to the role. Information security is the responsibility of the information department to promote the planning, execution, audit, and communication coordination of related matters, and to conduct relevant education and training and advocacy to ensure that personnel are familiar with the security responsibilities of business operations.

2. Policies of information security

   (1). Document Security Policy:

   Through the document encryption system, provide encrypted outgoing documents to suppliers, limiting the number of times the file can be opened, printed, modified, and the document's validity period.

   (2). Host Security Policy:

   A. Regular backup of the host and offsite backup of files

   B. The host regularly updates virus codes and automatically scans to prevent viruses

   C. Regular automatic updates of the operating system patches are performed on the host

   (3). Internet Security Policy:

   A. All external computers and information devices must be reviewed by the information unit before they can connect to the internal network.

   B. Introduce a malicious website and ad blocking system to block and restrict suspicious websites.

   C. Firewalls only open specific network ports to provide specific services.

   (4). Customer Security Policy:

   A. Computer automatically updates patches to the latest version and system regularly forces updates.

B. Users are restricted from installing software on their own and must have the software reviewed and installed by the IT department.

C. The external design personnel have introduced terminal operation cloud desktop, and relevant engineering data is stored in the machine room.

3. Specific plan for internet security risk management

(1). Through the firewall, internal and external networks are separated, and each unit is isolated through virtual networks.

(2). Implement intrusion defense systems and regularly report cybersecurity reports to management.

(3). Regularly promote awareness of information security and provide education and training to colleagues, in conjunction with annual internal audits of information security policies and risk assessments.

4. Resources for investing in information and communication security management

(1). Business disaster recovery management; regularly perform local backups, remote backups, and off-site backups based on the system backup cycle. Conduct annual server backup file restoration drills and data verification.

(2). Joining TWCERT/CC Taiwan Cybersecurity Alliance can enhance the company's cybersecurity intelligence analysis and acquisition, as well as strengthen cybersecurity resilience.

(3). The company went public in November 2023 and established an "Information Security Unit" in December of the same year, which is managed by the Information Department. This unit is responsible for planning, monitoring, and implementing information security management operations. The unit is led by the Information Security Vice President, Mr. Chen, Jung-Kuei, who is responsible for promoting information security policies and resource allocation. Additionally, the unit is staffed with one Information Security Supervisor and two Information Security personnel to promote information and communication security strategies.

(2). Specify the losses, potential impacts, and response measures incurred due to significant information and communication security incidents during the most recent fiscal year and up until the printing date of the annual report. If unable to reasonably estimate, explain the fact that it cannot be reasonably estimated: None.

7. Important Contracts

Contract Nature	Party	Contract start and end date	Main Content	Restriction
Procurement contract	B12 Company	2023.6.1 ~ 2024.8.15	Software procurement and licensing agreement	—
Procurement contract	B13 Company	2023.10.11 ~ 6 months after mass production of parts	Mass production mold contract	—

Contract Nature	Party	Contract start and end date	Main Content	Restriction
Procurement contract	B14 Company	2023.8.18 ~ End of warranty period	Equipment contract	—
Procurement contract	B1 Company	2023.4.21 ~ 7 years after the end of vehicle production	Purchase and sale of battery module molds	—
Procurement contract	B11 Company	2023.3.13 (Note 2)	Basic Agreement for the Purchase and Sale of Vehicle Components and Molds	—
Procurement contract	B10 Company	2023.7.5 (Note 2)	Basic Agreement for the Purchase and Sale of Vehicle Components and Molds	—
Procurement contract	B9 Company	2023.7.26 (Note 2)	Basic Agreement for the Purchase and Sale of Vehicle Components and Molds	—
Procurement contract	B8 Company	2023.6.26 (Note 2)	Basic Agreement for the Purchase and Sale of Vehicle Components and Molds	—
Procurement contract	Luxgen Motor Co., Ltd.	2023.4.1 (Note 1)	Purchase and sale of molds	—
Procurement contract	Luxgen Motor Co., Ltd.	2023.1.1 (Note 1)	Purchase and sale of molds	—
Technology Cooperation Agreement	B15 Company	2021.8.30 ~ 6 months after mass production of parts	Design and Development Agreement	—
Technology Cooperation Agreement	B1 Company	2021.12.20 ~ 6 months after mass production of parts	Design and Development Agreement	—
Technology Cooperation Agreement	B16 Company	2022.3.11 ~ 2024.6.30	Design and Development Agreement	—
Technology Cooperation Agreement	B17 Company	2022.3.1 ~ 6 months after mass production of parts	Design and Development Agreement	—
Technology Cooperation Agreement	B18 Company	2022.7.11 ~ 2024.6.30	Design and Development Agreement	—
Technology Cooperation Agreement	Yulon Motor Co., Ltd	2023.1.1 ~ Acceptance completed	Project Contract	—
Technology Cooperation	B8 Company	2021.12.28 ~ 6 months after mass production of parts	Design and Development Agreement	—

Contract Nature	Party	Contract start and end date	Main Content	Restriction
Agreement				
Technology Cooperation Agreement	B5 Company	2023.5.15 ~ 6 months after mass production of parts	Design and Development Agreement	—
Technology Cooperation Agreement	B13 Company	2023.3.10 ~ 6 months after mass production of parts	Design and Development Agreement	—
Technology Cooperation Agreement	B19 Company	2023.1.1 ~ 6 months after mass production of parts	Design and Development Agreement	—
Lease Agreement	Yulon Motor Co., Ltd	2023.1.1 ~ 2023.12.31	Lease of Office	—
Lease Agreement	HON HAI PRECISION IND. CO., LTD.	2023.7.1 ~ 2025.6.30	Lease of Office	—
Loan agreement	Standard Chartered Bank Ltd.	2022.11.15 ~ 2023.11.14	Loan for purchase of materials	—
Loan agreement	Citibank (Taiwan) Limited	2022.11.17 ~ 2023.11.16	Loan for purchase of materials	—
Loan agreement	Mega International Commercial Bank Co., Ltd.	2022.9.26 ~ 2023.9.25	Loan for purchase of materials	—
Loan agreement	Bank Sinopac Company Limited	2022.9.23 ~ 2023.9.30	Loan for purchase of materials	—
Loan agreement	KGI Bank Co., Ltd.	2022.12.14 ~ 2023.12.13	Loan for purchase of materials	—
Loan agreement	E.Sun Commercial Bank Co., Ltd.	2023.3.30 ~ 2024.3.30	Loan for purchase of materials	Note 3
Loan agreement	CTBC Bank Co., Ltd.	2023.4. (Note 4) ~ 2024.1.31	Short-term borrowings	
Loan agreement	Far Eastern International Bank Co., Ltd.	2023.12.21 ~ 2024.12.21	Loan for purchase of materials	

Note 1: It is a one-time transaction.

Note 2: Any individual contract shall terminate if no further individual contract or purchase order is signed within 3 years after the expiration of the existing contract.

Note 3: Review the consolidated financial statements of Hon Hai Precision Industry Co., Ltd. on March 31, May 15, August 15, and November 15 each year. The Company needs to be a subsidiary of Hon Hai Precision Industry Co., Ltd. If it does not meet the requirements, the credit line will be suspended from the review date, the credit line that has been used will be recovered upon maturity, and the credit line will be restored for use when the conditions are met in the next review period. By April 30 of each year, review the financial reports audited and certified by the accountant for the previous year. The debt-to-equity ratio must be less than 200%. If it does not meet the requirements, the credit line will be suspended from the review date, and the credit line that has been used will be recovered upon maturity.

Note 4: As stated in the credit notification letter.

VI. Financial Overview

1. Condensed Balance Sheet and Statement of Comprehensive Income in the Most Recent Five Years

(1). Condensed Balance Sheet and Statement of Comprehensive Income

1. Condensed Balance Sheet

(1). International Financial Reporting Standards - Consolidation

Unit: Thousands NTD

Item \ Year		Financial Information for Most Recent 5 Fiscal Years				
		2019	2020	2021	2022	2023
Current assets		Not applicable (Note)	(Note 1)			11,130,605
Property, plant and equipment						1,167,477
Intangible assets						7,213,662
Other assets						1,732,950
Total assets						21,244,694
Current liabilities	Before distribution					1,458,676
	After distribution					1,458,676
Non-current liabilities						615,817
Total liabilities	Before distribution					2,074,493
	After distribution					2,074,493
Equity attributable to owners of the parent						19,170,201
Share capital						17,413,140
Capital surplus						6,053,782
Accumulated deficit	Before distribution					(4,295,580)
	After distribution					(4,295,580)
Other equity						(1,141)
Treasury stock						—
Non-controlling interests						—
Total Equity	Before distribution					19,170,201
	After distribution					19,170,201

Source: Financial reports audited and certified by certified public accountants annually

Note: The company was established on November 6, 2020.

Note 1: The company issued individual financial reports for the years 2020 to 2022, which will be audited and certified by an accountant.

(2). International Financial Reporting Standards - Individual

Unit: Thousands NTD

Item \ Year		Financial Information for Most Recent 5 Fiscal Years				
		2019	2020	2021	2022	2023
Current assets		Not applicable (Note)	7,731,094	6,776,564	5,414,649	11,085,310
Property, plant and equipment			1,294,299	1,101,637	1,002,653	1,166,740
Intangible assets			6,371,383	6,849,268	7,048,143	7,213,662
Other assets			184,234	270,373	713,172	1,772,564
Total assets			15,581,010	14,997,842	14,178,617	21,238,276
Current liabilities	Before distribution		411,217	430,584	838,674	1,452,258
	After distribution		411,217	430,584	838,674	1,452,258
Non-current liabilities			2,407	3,219	132,171	615,817
Total liabilities	Before distribution		413,624	433,803	970,845	2,068,075
	After distribution		413,624	433,803	970,845	2,068,075
Equity attributable to owners of the parent			15,167,386	14,564,039	13,207,772	19,170,201
Share capital			15,392,321	15,576,000	15,576,000	17,413,140
Capital surplus			—	—	—	6,053,782
Accumulated deficit	Before distribution		(224,935)	(1,011,961)	(2,368,228)	(4,295,580)
	After distribution		(224,935)	(1,011,961)	(2,368,228)	(4,295,580)
Other equity			—	—	—	(1,141)
Treasury stock			—	—	—	—
Non-controlling interests			—	—	—	—
Total Equity	Before distribution		15,167,386	14,564,039	13,207,772	19,170,201
	After distribution		15,167,386	14,564,039	13,207,772	19,170,201

Source: Financial reports audited and certified by certified public accountants annually

Note: The company was established on November 6, 2020.

2. Condensed Statement of Comprehensive Income

(1). International Financial Reporting Standards - Consolidation

Unit: Thousands NTD

Item \ Year	Financial Information for Most Recent 5 Fiscal Years				
	2019	2020	2021	2022	2023
Revenue	Not applicable (Note)	(Note 1)			1,043,992
Gross profit					157,098
Operating Income (Loss)					(2,380,559)
Non-operating revenue and expenses					187,885
Net income (loss) before tax					(2,192,674)
Continuing operations net profit (loss) for the current period					(2,192,674)
Loss from discontinued operations					—
Net profit (loss) in current period					(1,927,201)
Other comprehensive income (loss) for the period (net of tax)					(1,292)
Total comprehensive income (loss) for the period					(1,928,493)
Net income (loss) attributable to owners of the parent					(1,927,201)
Net income (loss) attributable to non-controlling interests					—
Total comprehensive income attributable to owners of the parent					(1,928,493)
Total comprehensive income attributable to non-controlling interests:					—
Earnings (loss) per share (NTD)					(1.20)

Source: Financial reports audited and certified by certified public accountants annually

Note: The company was established on November 6, 2020.

Note 1: The company issued individual financial reports for the years 2020 to 2022, which were audited and certified by an accountant.

(2). International Financial Reporting Standards - Individual

Unit: Thousands NTD

Item \ Year	Financial Information for Most Recent 5 Fiscal Years				
	2019	2020	2021	2022	2023
Revenue	Not applicable (Note)	—	66,219	296,033	1,036,084
Gross profit		—	42,367	89,558	151,026
Operating Income (Loss)		(278,936)	(1,054,251)	(1,642,246)	(2,367,748)
Non-operating revenue and expenses		174	71,156	61,881	174,845
Net income (loss) before tax		(278,762)	(983,095)	(1,580,365)	(2,192,903)
Continuing operations net profit (loss) for the current period		(223,010)	(786,476)	(1,357,042)	(1,927,201)
Loss from discontinued operations		—	—	—	—
Net profit (loss) in current period		(223,010)	(786,476)	(1,357,042)	(1,927,201)
Other comprehensive income (loss) for the period (net of tax)		(1,925)	(550)	775	(1,292)
Total comprehensive income (loss) for the period		(224,935)	(787,026)	(1,356,267)	(1,928,493)
Net income (loss) attributable to owners of the parent		(223,010)	(786,476)	(1,357,042)	(1,927,201)
Net income (loss) attributable to non-controlling interests		—	—	—	—
Total comprehensive income attributable to owners of the parent		(224,935)	(787,026)	(1,356,267)	(1,928,493)
Total comprehensive income attributable to non-controlling interests:		—	—	—	—
Earnings (loss) per share (NTD)		(0.14)	(0.51)	(0.87)	(1.20)

Source: Financial reports audited and certified by certified public accountants annually

Note: The company was established on November 6, 2020.

(2). CPAs' names and audit comments for the last five years

Year	Accounting firm name	Accountant's name	Opinion
2020	PwC Taiwan	Hsu, Yung Chien	Unqualified opinion
2021	PwC Taiwan	Hsu, Yung Chien Hsu, Chieh-Ju	Unqualified opinion
2022	PwC Taiwan	Hsu, Yung Chien Hsu, Chieh-Ju	Unqualified opinion
2023	PwC Taiwan	Hsu, Chieh-Ju Hsu, Sheng-Chung	Unqualified opinion

Note: Established since November 6, 2020.

2. Financial Analysis for the Most Recent Five Years

(1). International Financial Reporting Standards - Consolidation

Item		Financial analysis for the last five years (Note 5)				
	Year	2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	Not applicable (Note 1)	(Note 2)			9.76
	Ratio of long-term funds to property, plant and equipment					1,694.77
Solvency (%)	Current ratio					763.06
	Quick ratio					694.49
	Interest coverage ratio					Note 3
Operating capability	Account receivables turnover (times)					8.23 (Note 5)
	Average collection days					44.34 (Note 5)
	Inventory turnover (times)					2.02 (Note 5)
	Account payables turnover (times)					2.31 (Note 5)
	Average days in sales					180.69 (Note 5)
	Turnover of Property, plant and equipment (times)					0.96
	Total assets turnover (times)					0.06
Profitability	Return on assets (%)					(10.88) (Note 5)
	Return on equity (%)					(11.90) (Note 5)
	Ratio of income before tax to paid-in capital (%)					(12.59)
	Net profit margin (%)					(184.60)
	Earnings (loss) per share (NTD)					(1.20)
Cash Flows	Cash flow ratio (%)					Note 4
	Cash flow adequacy ratio (%)					Note 4
	Cash reinvestment ratio (%)					Note 4
Leverage	Operating leverage					Note 3
	Financial leverage					Note 3
The causes of changes in the financial ratios in the most recent 2 fiscal years: (No analysis is required if the change in increase or decrease does not reach 20%) Because no consolidated financial report was issued for the fiscal year 2022, the analysis of changes in financial ratios for two periods is not applicable for this period.						

Source: Financial reports audited and certified by certified public accountants annually

Note 1: The company was established on November 6, 2020.
Note 2: The company issued individual financial reports for the years 2020 to 2022, which were audited and certified by an accountant.
Note 3: The current period's operating loss or pre-tax net loss is not meaningful for comparison purposes; therefore, the relevant ratios are not shown.
Note 4: Operating activities net cash flow or cumulative cash flow is an outflow, which is not meaningful for comparison, so the related ratios are not shown.
Note 5: The assets, equity, accounts receivable, inventory, and accounts payable at the beginning of 2023 are the same as the respective amounts in the individual financial statements, as no consolidated report has been issued for 2022.
Note 6: Please refer to page 134 for the calculation formulas of the analysis items.

(2). International Financial Reporting Standards - Individual

Item	Year	Financial analysis for the last five years (Note 5)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt-to-assets ratio (%)	Not applicable (Note 1)	2.65	2.89	6.85	9.74
	Ratio of long-term funds to property, plant and equipment		1,172.05	1,322.33	1,330.46	1,695.84
Solvency (%)	Current ratio		1,880.05	1,573.81	645.62	763.32
	Quick ratio		1,786.91	1,473.13	551.67	694.47
	Interest coverage ratio		Note 3	Note 3	Note 3	Note 3
Operating capability	Account receivables turnover (times)		—	5.00	21.59	8.17
	Average collection days		—	73	17	44.86
	Inventory turnover (times)		—	2.31	1.41	2.01
	Acccount payables turnover (times)		—	1.21	2.43	2.31
	Average days in sales		—	159	259	181.59
	Turnover of Property, plant and equipment (times)		—	0.06	0.28	0.96
	Total assets turnover (times)		—	0.00	0.02	0.06
Profitability	Return on assets (%)		(1.43) (Note 2)	(5.14)	(9.30)	(10.88)
	Return on equity (%)		(1.47) (Note 2)	(5.29)	(9.77)	(11.90)
	Ratio of income before tax to paid-in capital (%)		(1.81)	(6.31)	(10.15)	(12.59)
	Net profit margin (%)		—	(1,187.69)	(458.41)	(186.01)
	Earnings (loss) per share (NTD)		(0.14)	(0.51)	(0.87)	(1.20)
Cash Flows	Cash flow ratio (%)		Note 4	Note 4	Note 4	Note 4
	Cash flow adequacy ratio (%)		Note 4	Note 4	Note 4	Note 4

Item \ Year		Financial analysis for the last five years (Note 5)				
		2019	2020	2021	2022	2023
	Cash reinvestment ratio (%)		Note 4	Note 4	Note 4	Note 4
Leverage	Operating leverage		Note 3	Note 3	Note 3	Note 3
	Financial leverage		Note 3	Note 3	Note 3	Note 3

Reasons for changes in various financial ratios in the last two years (analysis may be exempted if the increase or decrease is less than 20%):

1. The debt ratio for 2023 has increased compared to 2022, mainly due to ongoing investments and operating expenses related to the preparation for the production of electric bus for Model T and passenger vehicle product of Model C.
2. The long-term capital to real estate, plant, and equipment ratio for 2023 has increased compared to 2022. This is mainly due to the issuance of new shares through cash capital increase and an increase in deferred income tax liabilities in 2023, resulting in an increase in shareholders' equity and non-current liabilities compared to the previous year.
3. The quick ratio for 2023 increased compared to 2022, mainly due to the issuance of new shares through cash capital increase, resulting in an increase in quick assets compared to the end of 2022.
4. The turnover rate of accounts receivable and the average collection days for 2023 have decreased compared to 2022. This is mainly due to an increase in sales of electric buses and passenger vehicles in the fourth quarter of 2023, resulting in a higher accounts receivable balance at the end of 2023 compared to the same period last year.
5. The turnover rate of real estate, plants, and equipment for the fiscal year 2023 has increased compared to the fiscal year 2022, mainly due to a significant increase in operating income for the fiscal year 2023.
6. The inventory turnover rate and average sales days for 2023 have increased compared to 2022. This is mainly due to the growth in sales volume of electric buses and passenger vehicles in 2023 compared to the previous year, resulting in an increase in cost of goods sold compared to 2022.
7. The return on equity, the ratio of pre-tax net income to actual capital, and earnings per share for 2023 have all declined compared to 2022. This is mainly due to the fact that although the operating income for has grown compared to 2022, the company is still in the stage of business expansion, and the income is not sufficient to cover research and development and other operating expenses, resulting in an increase in pre-tax net loss for 2023 compared to the fiscal year 2022.
8. The net profit margin for 2023 improved compared to 2022, mainly due to the higher growth rate in revenue compared to the increase in post-tax net loss.

Source: Financial reports audited and certified by certified public accountants annually.

Note 1: The company was established on November 6, 2020.

Note 2: The company was established on November 6, 2020, so it is not calculated based on the average.

Note 3: The current period's operating loss or pre-tax net loss is not meaningful for comparison purposes; therefore, the relevant ratios are not shown.

Note 4: Operating activities net cash flow or cumulative cash flow is an outflow, which is not meaningful for comparison, so the related ratios are not shown.

Note 5: The following is the calculation formulas of the analysis items:

1. Financial structure
   (1) Debt to assets ratio = total liabilities/total assets.
   (2) Ratio of long-term funds to property, plant and equipment = (Total equity + Non-current liabilities)/ Net property, plant and equipment.

2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio = Earnings before interest and taxes/Interest expense for the period.
3. Operating capability
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales/average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365/accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold/average inventory.
   (4) Turnover of payables (including accounts payable and notes payable arising from operations) = Cost of goods sold/Average balance of payables (including accounts payable and notes payable arising from operations) for each period.
   (5) Average days of sales = 365/inventory turnover ratio.
   (6) Turnover of Property, plant and equipment = Net sales/Average net property, plant and equipment.
   (7) Total assets turnover = Net sales/Average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate))/average total assets.
   (2) Return on equity = Profit or loss after tax/Average net equity.
   (3) Net profit margin = Profit or loss after tax/Net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends)/weighted average number of shares outstanding.
5. Cash Flows
   (1) Cash flow ratio = net cash flows from operating activities/current liabilities.
   (2) Cash flow adequacy ratio = 5-year sum of net cash flow from operating activities /5-year sum of (capital expenditures + Increase in inventories + Cash dividends).
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income.
   (2) Financial leverage = Operating income/(Operating income - Interest expense).

3. Audit committee’s Review Report on the Most Recent Annual Financial Statements:

Audit committee’s Review Report

The Board of Directors has prepared the Company’s 2023 Financial Statements, Business Report, and loss off-setting proposal, among which the audit of the Financial Statements has been completed by PricewaterhouseCoopers Taiwan, which also issued the audit report.

The Audit committee has reviewed the Financial Statements, Business Report, and loss off-setting proposals, and found them to be compliant with applicable regulations. This report is hereby made in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. I submit this report for your review.

Foxtron Vehicle Technologies Co., Ltd.

Chairperson of the Audit committee: Sonia Sun

February 29, 2024

4. Financial Statements of the Most Recent Year

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

(Stock code 2258)

Company address: 7F., No. 26, Baogao Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.)

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.

To the Board of Directors and Shareholders of Foxtron Vehicle Technologies Co., Ltd.

Opinion

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

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public 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 judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for the Group's 2023 consolidated financial statements is stated as follows:

Intangible asset - impairment assessment of car model technology development costs

Description

Refer to Note 4(13) for accounting policies on intangible assets, Note 4(14) for accounting policies on impairment of non-financial assets, Note 5 for significant accounting estimates and assumptions of intangible assets, and Note 6(8) for details of intangible assets.

Car model technology development costs of Foxtron Vehicle Technology Co., Ltd. amounted to NT$7,072,361 thousand as at December 31, 2023. An impairment assessment is performed annually when there is any indication of impairment. As the calculation of value in use involves management's judgements, such as the estimation of future cash flows of product life cycles and the determination of discount rate, etc., which are highly uncertain and have a material impact in the estimation of value in use, the impairment assessment of car model technology development costs was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:
1. Obtained an understanding of and assessed the key control procedures performed by management, including review and approval of financial budgets and assumptions.
2. Compared the parameters used in predicting future cash flows with historical experience, economic and industrial forecasts.
3. Compared the parameters used in determining discount rate with the assumptions on capital cost of cash generating units, and with returns rate on similar assets.
4. Verified the valuation model calculation.
5. Assessed the future cash flow sensitivity analysis prepared by management based on the alternative hypothesis using different discount rates, and confirmed whether management had adequately assessed the possible impact of the estimation uncertainty on the impairment valuation.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Foxtron Vehicle Technology 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 the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess 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 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.

Hsu, Chieh-Ju   Hsu, Sheng-Chung

For and on Behalf of PricewaterhouseCoopers, Taiwan
February 29, 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.

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 6,553,115	31	$ 4,553,538	32
1136	Financial assets at amortised cost - current	6(2) and 9	3,048,725	14	3,547	-
1140	Contract assets - current	6(16) and 7	246,560	1	57,666	-
1170	Accounts receivable, net	6(3) and 7	252,707	1	915	-
1200	Other receivables		26,625	-	10,370	-
1220	Income tax assets - current		2,677	-	652	-
130X	Inventories	6(4)	606,918	3	271,912	2
1410	Prepayments	6(5)	393,278	2	516,049	4
11XX	**Total current assets**		11,130,605	52	5,414,649	38
	Non-current assets					
1600	Property, plant and equipment	6(6)	1,167,477	6	1,002,653	7
1755	Right-of-use assets	6(7) and 7	197,325	1	-	-
1780	Intangible assets	6(8)	7,213,662	34	7,048,143	50
1840	Deferred income tax assets	6(19)	1,075,457	5	476,119	3
1900	Other non-current assets	6(9)	460,168	2	237,053	2
15XX	**Total non-current assets**		10,114,089	48	8,763,968	62
1XXX	**Total assets**		$ 21,244,694	100	$ 14,178,617	100

(Continued)

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2130	Contract liabilities - current	6(16) and 7	$ 13,345	-	$ 25,135	-
2170	Accounts payable	7	635,468	3	130,846	1
2200	Other payables	7	646,021	3	665,264	5
2250	Provisions for liabilities - current	6(10)	3,802	-	618	-
2280	Lease liabilities - current	7	81,748	1	-	-
2300	Other current liabilities	9	78,292	-	16,811	-
21XX	**Total current liabilities**		1,458,676	7	838,674	6
	Non-current liabilities					
2527	Contract liabilities - non-current	6(16)	129,315	1	129,315	1
2550	Provisions for liabilities - non-current	6(10)	8,770	-	1,421	-
2570	Deferred income tax liabilities	6(19)	333,598	1	-	-
2580	Lease liabilities - non-current		142,664	1	-	-
2600	Other non-current liabilities	6(11)	1,470	-	1,435	-
25XX	**Total non-current liabilities**		615,817	3	132,171	1
2XXX	**Total liabilities**		2,074,493	10	970,845	7
	Equity					
	Equity attributable to owners of parent					
	Share capital					
3110	Ordinary share	6(13)	17,413,140	82	15,576,000	110
	Capital surplus	6(14)				
3200	Capital surplus	6(14)	6,053,782	28	-	-
	Retained earnings					
3350	Accumulated deficit	6(15)	(4,295,580)	(20)	(2,368,228)	(17)
	Other equity					
3400	Other equity interest	6(15)	(1,141)	-	-	-
31XX	**Equity attributable to owners of the parent**		19,170,201	90	13,207,772	93
3XXX	**Total equity**		19,170,201	90	13,207,772	93
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 21,244,694	100	$ 14,178,617	100

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

	Items	Notes	Year ended December 31 2023 AMOUNT	%	2022 AMOUNT	%
4000	Operating revenue	6(16) and 7	$ 1,043,992	100	$ 296,033	100
5000	Operating costs	6(4)(17)(18) and 7	(886,894)	(85)	(206,475)	(70)
5900	Gross profit from operations		157,098	15	89,558	30
	Operating expenses	6(17)(18) and 7				
6100	Selling expenses		(32,752)	(3)	(10,204)	(3)
6200	General and administrative expenses		(435,065)	(42)	(339,242)	(115)
6300	Research and development expenses		(2,069,840)	(198)	(1,382,358)	(467)
6000	Total operating expenses		(2,537,657)	(243)	(1,731,804)	(585)
6900	Net operating loss		(2,380,559)	(228)	(1,642,246)	(555)
	Total non-operating income and expenses					
7100	Interest income		27,298	2	6,473	2
7010	Other income	7 and 9	144,339	14	55,575	19
7020	Other gains and losses		17,431	2	(167)	-
7050	Finance costs		(1,183)	-	-	-
7000	Total non-operating income and expenses		187,885	18	61,881	21
7900	**Loss before income tax**		(2,192,674)	(210)	(1,580,365)	(534)
7950	Income tax benefit	6(19)	265,473	25	223,323	76
8200	**Loss for the year**		($ 1,927,201)	(185)	($ 1,357,042)	(458)
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	(Loss) gain on remeasurement of defined benefit plan	6(11)	($ 189)	-	$ 969	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(19)	38	-	(194)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(151)	-	775	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences		(1,141)	-	-	-
8300	**Other comprehensive (loss) income**		($ 1,292)	-	$ 775	-
8500	**Total comprehensive loss**		($ 1,928,493)	(185)	($ 1,356,267)	(458)
	Loss attributable to:					
8610	Owners of parent		($ 1,927,201)	(185)	($ 1,357,042)	(458)
	Comprehensive loss attributable to:					
8710	Owners of parent		($ 1,928,493)	(185)	($ 1,356,267)	(458)
	Loss per share					
9750	Basic and diluted loss per share	6(20)	($ 1.20)		($ 0.87)	

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent				
	Notes	Ordinary share	Capital surplus	Accumulated deficit	Exchange differences on translation of foreign financial statements	Total equity
2022						
Balance at January 1		$ 15,576,000	$ -	($ 1,011,961)	$ -	$ 14,564,039
Loss for the year		-	-	(1,357,042)	-	(1,357,042)
Other comprehensive income for the year		-	-	775	-	775
Total comprehensive loss for the year		-	-	(1,356,267)	-	(1,356,267)
Balance at December 31		$ 15,576,000	$ -	($ 2,368,228)	$ -	$ 13,207,772
2023						
Balance at January 1		$ 15,576,000	$ -	($ 2,368,228)	$ -	$ 13,207,772
Loss for the year		-	-	(1,927,201)	-	(1,927,201)
Other comprehensive loss for the year		-	-	(151)	(1,141)	(1,292)
Total comprehensive loss for the year		-	-	(1,927,352)	(1,141)	(1,928,493)
Issuance of employee restricted stocks	6(12)(13)(14)	337,140	33,148	-	-	370,288
Issuance of new shares	6(13)(14)	1,500,000	6,000,000	-	-	7,500,000
Share-based payments	6(12)(14)	-	11,875	-	-	11,875
Organisation restructuring	6(14)	-	8,759	-	-	8,759
Balance at December 31		$ 17,413,140	$ 6,053,782	($ 4,295,580)	($ 1,141)	$ 19,170,201

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 2,192,674)	($ 1,580,365)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(17)	364,041	280,158
Amortisation	6(17)	852,917	510,702
Expected credit loss	12(2)	1,719	50
Finance costs		1,183	-
Interest income		(26,328)	(6,473)
Share-based payments	6(12)	45,023	-
Loss on disposal of property, plant and equipment		-	39
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(189,059)	(57,666)
Accounts receivable		(243,465)	25,538
Other receivables		(16,255)	(5,677)
Inventories		(354,350)	(251,236)
Prepayments		122,771	(103,238)
Changes in operating liabilities			
Contract liabilities		(11,790)	154,450
Accounts payable		504,585	91,541
Other payables		376,562	205,983
Provisions for liabilities		10,533	2,039
Other current liabilities		61,481	(31,140)
Net defined benefit liability		(154)	(1,215)
Cash outflow generated from operations		(693,260)	(766,510)
Interest received		26,328	6,473
Interest paid		(120)	-
Income tax paid		(2,496)	(566)
Net cash flows used in operating activities		(669,548)	(760,603)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in financial assets at amortised cost - current		(3,045,178)	46,106
Acquisition of property, plant and equipment	6(21)	(541,304)	(66,391)
Proceeds from disposal of property, plant and equipment		-	1,131
Acquisition of intangible assets		(1,018,436)	(709,577)
Increase in other non-current assets		(228,546)	(219,670)
Decrease in guarantee deposits		5,629	-
Net cash flows used in investing activities		(4,827,835)	(948,401)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		(2,349)	-
Proceeds from issuance of shares	6(13)	7,500,000	-
Increase in other liabilities		-	400
Net cash flows from financing activities		7,497,651	400
Net effect of changes in foreign currency exchange rates		(691)	-
Net increase (decrease) in cash and cash equivalents		1,999,577	(1,708,604)
Cash and cash equivalents at beginning of year		4,553,538	6,262,142
Cash and cash equivalents at end of year		$ 6,553,115	$ 4,553,538

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY
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

Foxtron Vehicle Technologies Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the design and manufacture of vehicles and related components. As of December 31, 2023, Hon Hai Precision Ind. Co., Ltd. holds 46% equity interest in the Group, and is the Group's ultimate parent company.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on February 29, 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
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 International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

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

The above standards and interpretations have no significant impact to the 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 as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (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 noncontrolling 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 regard ed 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. The accounting principles of all amounts previously recognised in other comprehensive income in relation to the subsidiary shall be as same as the basis of dispose of related assets or liabilities, which means any gain or loss previously recognised as other comprehensive income upon disposal of the related assets or liabilities will be reclassified to profit or loss when control of the subsidiary is lost.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Note
Foxtron Vehicle Technologies Co., Ltd.	Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.	Research and development of vehicles parts; manufacturing and wholesale of vehicle parts and accessories	100	-	(a)

On April 20, 2023, the Company acquired 100% of the share capital of Foxtron Vehicle Technologies (Hangzhou) Co., Ltd. for RMB 10 million. The acquisition is an asset acquisition transaction.

(4) Foreign currency translation

The functional currency of the Group is determined by the primary economic environment in which the Company operates. 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 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 items denominated in foreign currencies are translated at the closing rate at the balance sheet date. Exchange differences arising upon translation at the balance sheet date are recognised in profit or loss.

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

B. Translation of foreign operations

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

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

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

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

(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) <u>Cash equivalents</u>

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

(7) <u>Financial assets at amortised cost</u>

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. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

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.

(8) Accounts and notes receivable

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

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

(9) Impairment of financial assets

For 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.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the moving weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. 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.

(11) 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 or the units of production method to allocate their cost over their estimated benefits. 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:

Molding equipment	3 ~ 5 years
Other equipment	2 ~ 9 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. 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;

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(e) 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

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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 and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(13) Intangible assets

A. Car model technology is stated at acquisition cost based on the technical value and amortised on a straight-line basis over the estimated useful life of 8 years.

B. Internally generated intangible assets—research and development expenditures

(a) Research expenditures are recognised as an expense as incurred.

(b) Development expenditures that do not meet the following criteria are recognised as expenses as incurred, but are recognised as intangible assets when the following criteria are met:

i. It is technically feasible to complete the intangible asset so that it will be available for use or sale;

ii. An entity intends to complete the intangible asset and use or sell it;

iii. An entity has the ability to use or sell the intangible asset;

iv. It can be demonstrated how the intangible asset will generate probable future economic benefits;

v. Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

vi. The expenditure attributable to the intangible asset during its development can be reliably measured.

(c) Upon being available for use, internally generated intangible assets are amortised using the units of production method over their estimated benefits.

C. Patents are amortised on a straight-line basis over their estimated useful lives of 3~14 years.

D. Computer software is stated at cost and amortised on a straight-line basis over the period of 2 to 5 years.

(14) Impairment of non-financial assets

A. 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 assets 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.

B. The recoverable amounts of intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(15) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and those resulting from operating and non-operating activities.

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

(16) Provisions

Provisions for warranty are recognised when the Company 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.

(17) 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 plan

For defined contribution plan, 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 plan

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 plan 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 high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

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

iii. Past service costs are recognised immediately in profit or loss.

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 fair value per share estimated using a valuation technique specified in IFRS 2, 'Share-based Payment'.

(18) Employee share-based payment

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

(19) Income tax

A. The tax expense for the year 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 operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

D. Deferred 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 tax assets are reassessed.

(20) 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.

(21) Revenue recognition

A. Sales of goods

The Group sells electric buses and electric vehicles. Sales are recognised when control of the products has transferred, being when the products are delivered to the buyer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the Group. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied. 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.

B. Service revenue

Service revenue mainly arises from providing technical support services and is recognised under the percentage-of-completion method. The stage of completion is determined based on the proportion of costs invested to the estimated total costs for each individual contract. If the outcome of a contract cannot be reasonably estimated, revenue is recognised only to the extent of expenses incurred that are expected to be recovered. Any changes in construction contract consideration or estimated construction total costs are accounted for as changes in accounting estimates.

(22) 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.

(23) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

Accounting estimates are based on the situation at the balance sheet date to estimate future events, though there could be differences between the actual events and estimation. Estimates and assumptions on the risk of possible critical adjustments to the carrying amount of assets and liabilities for the next fiscal year are as follows:

A. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

As of December 31, 2023, the Group recognised deferred tax assets amounting to $1,075,457.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 30	$ 30
Demand deposits	6,553,085	3,925,508
Time deposits	-	628,000
	$ 6,553,115	$ 4,553,538

Details of the Group's restricted cash which is classified as 'other non-current assets' and 'financial assets at amortised cost – current' are provided in Notes 8 and 9.

(2) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Restricted assets	$ 48,725	$ 3,527
Time deposits with maturity over three months	3,000,000	-
	$ 3,048,725	$ 3,527

Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31, 2023	Years ended December 31, 2022
Interest income	$ 7,778	$ -

(3) Accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable	$ 254,261	$ 915
Less: Allowance for uncollectible accounts	(1,554)	-
	$ 252,707	$ 915

A. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of accounts receivable from contracts with customers amounted to $26,503.
B. The Group has no accounts receivable pledged to others as collateral.
C. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 210,983	$ 173,946
Work in progress	60,867	93,090
Finished goods	3,184	7,280
Inventory in transit	338,418	-
	613,452	274,316
Less: Allowance for inventory valuation losses	(6,534)	(2,404)
	$ 606,918	$ 271,912

The cost recognised as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	$ 848,188	$ 175,637
Valuation losses	4,130	2,404
Loss on scrapping inventory	-	1,346
Warranty costs	10,568	2,039
Other service costs	24,008	25,049
	$ 886,894	$ 206,475

(5) Prepayments

	December 31, 2023	December 31, 2022
Excess business tax paid	$ 372,668	$ 362,677
Prepayments to suppliers	14,891	141,417
Other prepayments	5,719	11,955
	$ 393,278	$ 516,049

(6) Property, plant and equipment

	Molding equpment	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1, 2023				
Cost	$ 1,426,680	$ 108,173	$ 16,669	$ 1,551,522
Accumulated depreciation	(519,661)	(29,208)	-	(548,869)
	$ 907,019	$ 78,965	$ 16,669	$ 1,002,653
Opening net book amount as at January 1, 2023	$ 907,019	$ 78,965	$ 16,669	$ 1,002,653
Additions	256,360	82,899	141,907	481,166
Transfers	12,598	19,344	(12,598)	19,344
Depreciation	(300,930)	(34,744)		(335,674)
Net exchange difference	-	(12)	-	(12)
Closing net book amount as at December 31, 2023	$ 875,047	$ 146,452	$ 145,978	$ 1,167,477
At December 31, 2023				
Cost	$ 1,695,638	$ 210,404	$ 145,978	$ 2,052,020
Accumulated depreciation	(820,591)	(63,952)	-	(884,543)
	$ 875,047	$ 146,452	$ 145,978	$ 1,167,477

	Molding equpment	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1, 2022				
Cost	$ 1,299,118	$ 69,615	$ 1,615	$ 1,370,348
Accumulated depreciation	(259,824)	(8,887)	-	(268,711)
	$ 1,039,294	$ 60,728	$ 1,615	$ 1,101,637
		p		
Opening net book amount as at January 1, 2022	$ 1,039,294	$ 60,728	$ 1,615	$ 1,101,637
Additions	127,562	38,113	16,669	182,344
Disposals	-	(1,170)	-	(1,170)
Transfers	-	1,615	(1,615)	-
Depreciation	(259,837)	(20,321)	-	(280,158)
Closing net book amount as at December 31, 2022	$ 907,019	$ 78,965	$ 16,669	$ 1,002,653
At December 31, 2022				
Cost	$ 1,426,680	$ 108,173	$ 16,669	$ 1,551,522
Accumulated depreciation	(519,661)	(29,208)	-	(548,869)
	$ 907,019	$ 78,965	$ 16,669	$ 1,002,653

(7) Leasing arrangements－lessee

A. The Group leases various assets including buildings and structures. Rental contracts are 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. Short-term leases with a lease term of 12 months or less comprise certain dormitories and offices.

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

	December 31, 2023
	Carrying amount
Buildings and structures	$ 195,876
Other equipment	1,449
	$ 197,325

	Year ended December 31, 2023
	Depreciation
Buildings and structures	$ 28,280
Other equipment	87
	$ 28,367

D. For the year ended December 31, 2023, the additions to right-of-use assets amounted to $225,555.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
Items affecting profit or loss	2023	2022
Interest expense on lease liabilities	$ 1,183	$ -
Expense on short-term lease contracts	$ 57,881	$ 57,236

For the year ended December 31, 2023, the Group's total cash outflow for leases amounted to $60,350.

(8) Intangible assets

	Patents	Computer software	Car model technology costs	Total
At January 1, 2023				
Cost	$ 90,000	$ 140,215	$ 7,352,001	$ 7,582,216
Accumulated amortisation and impairment	(28,973)	(40,560)	(464,540)	(534,073)
	$ 61,027	$ 99,655	$ 6,887,461	$ 7,048,143
Opening net book amount as at January 1, 2023	$ 61,027	$ 99,655	$ 6,887,461	$ 7,048,143
Additions - acquired separately	-	33,772	-	33,772
Additions - from internal development	-	-	984,664	984,664
Amortisation	(18,300)	(34,853)	(799,764)	(852,917)
Closing net book amount as at December 31, 2023	$ 42,727	$ 98,574	$ 7,072,361	$ 7,213,662
At December 31, 2023				
Cost	$ 90,000	$ 173,987	$ 8,336,665	$ 8,600,652
Accumulated amortisation and impairment	(47,273)	(75,413)	(1,264,304)	(1,386,990)
	$ 42,727	$ 98,574	$ 7,072,361	$ 7,213,662

	Patents	Computer software	Car model technology costs	Total
At January 1, 2022				
Cost	$ 90,000	$ 113,963	$ 6,668,676	$ 6,872,639
Accumulated amortisation and impairment	(10,674)	(12,697)	-	(23,371)
	$ 79,326	$ 101,266	$ 6,668,676	$ 6,849,268
Opening net book amount as at January 1, 2022	$ 79,326	$ 101,266	$ 6,668,676	$ 6,849,268
Additions - acquired separately	-	26,252	-	26,252
Additions - from internal development	-	-	683,325	683,325
Amortisation	(18,299)	(27,863)	(464,540)	(510,702)
Closing net book amount as at December 31, 2022	$ 61,027	$ 99,655	$ 6,887,461	$ 7,048,143
At December 31, 2022				
Cost	$ 90,000	$ 140,215	$ 7,352,001	$ 7,582,216
Accumulated amortisation and impairment	(28,973)	(40,560)	(464,540)	(534,073)
	$ 61,027	$ 99,655	$ 6,887,461	$ 7,048,143

A. On November 6, 2020, Hua-Chuang Automobile Information Technical Center Co., Ltd. contributed the developing car model technology amounting to $6,360,000 as an investment to the Group, which was mainly car model platforms and related automotive power systems, etc. and its value was assessed based on the appraisal report of the external independent expert. The developing car model technology is not ready for use and will continually be researched and developed until the development is completed. When the car model technology is available for production, it will be amortised on a straight-line basis over its estimated useful life.
B. On May 31, 2021, Hua-Chuang Automobile Information Technical Center Co., Ltd. contributed the patents amounting to $90,000 as an investment to the Group, which were amortised on a straight-line basis over their legal useful life.
C. The Group assessed the impairment of recoverable amount for the car model technology costs at the end of financial reporting period and used the value-in-use as the basis for calculating the recoverable amount. These calculations for value-in use used future cash flow projections of product life cycles of the Group. The annual discount rates used as of December 31, 2023 and 2022 were 16.54% and 14.07%, respectively. No impairment loss was recognised on the Group’s car model technology costs for the years ended December 31, 2023 and 2022.

D. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2023	2022
Operating costs	$ 4,764	$ 790
Operating expenses	848,153	509,912
	$ 852,917	$ 510,702

(9) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for business equipments	$ 450,175	$ 221,431
Guarantee deposits	9,993	15,622
	$ 460,168	$ 237,053

(10) Provisions

	2023	2022
At January 1,	$ 2,039	$ -
Additions	11,231	2,039
Used during the year	(35)	-
Reversal	(663)	-
At December 31	$ 12,572	$ 2,039
Analysis of total provisions:		
Current	$ 3,802	$ 618
Non-current	$ 8,770	$ 1,421

Provision for warranty arising from the sales of electric buses is adjusted and calculated by considering attrition rates of parts and components in the future or other factors that affect product quality when the Group has a present legal or constructive obligation, and it is probable that an outflow of economic resources will be required to settle the obligation. The Group accrues liabilities for parts and components with warranty obligations and the amount of the obligation can be reliably estimated. Most of the warranties provided by the Group last for 3 to 8 years. The Group's provision for warranty is calculated based on purchasing costs of the new products.

(11) Pensions

A. Defined benefit plan

(a) The Group has a defined benefit pension plan, which applies to employees who transferred on November 6, 2020. Also, the Group would assess the balance in the aforementioned labor pension reserve account by the end of 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 Group will make contributions for the deficit by next March.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 48,851	$ 54,598
Fair value of plan assets	(47,780)	(53,562)
Net defined benefit liability (shown as ‘other non-current liabilities’)	$ 1,071	$ 1,036

(c) 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	$ 54,598	$ 53,562	$ 1,036
Current service cost	9	-	9
Interest expense (income)	655	643	12
	$ 55,262	$ 54,205	$ 1,057
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(637)	637
Experience adjustments	(448)	-	(448)
	(448)	(637)	189
Pension fund contribution	-	175	(175)
Paid pension	(5,963)	(5,963)	$ -
At December 31	$ 48,851	$ 47,780	$ 1,071

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 74,992	$ 71,773	$ 3,219
Current service cost	(89)	-	(89)
Interest expense (income)	525	502	23
	$ 75,428	$ 72,275	$ 3,153
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(496)	496
Experience adjustments	(1,465)	-	(1,465)
	(1,465)	(496)	(969)
Pension fund contribution	-	1,148	(1,148)
Paid pension	(19,365)	(19,365)	$ -
At December 31	$ 54,598	$ 53,562	$ 1,036

(d) The Fund of the Company's defined benefit pension plan is comprised of demand deposits that were used exclusively for specific purposes.

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

	Years ended December 31,	
	2023	2022
Discount rate	1.2%	1.2%
Future salary increases	1.0%	1.0%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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	($ 825)	$ 847	$ 871	($ 853)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 961)	$ 989	$ 1,003	($ 982)

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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2024 amount to $175.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 7 years.

B. Defined contribution plan

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

(b) The subsidiaries in mainland China have defined contribution pension plans and contribute an amount monthly based on 21% of employees' monthly salaries and wages to an independent fund administered by a government agency. The plan is administered by the government of mainland China. Other than the monthly contributions, the Group does not have further pension liabilities.

(c) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2023 and 2022 were $34,763 and $28,529, of which $18,375 and $13,127 were capitalised as part of internally generated intangible assets, respectively.

(12) Share-based payment

A. For the year ended December 31, 2023, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Vesting conditions
Employee stock options	2023.1.18	46,728,000 shares	Note

Note: Employees who were granted the employee stock options starting from the date of grant and employees who will serve until September 30, 2025 can exercise their employee stock options in batches at the ratio of 72.15% and 27.85%, respectively.

B. Details of the share-based payment arrangements are as follows:

	2023	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -
Options granted	46,728	10
Options exercised	(33,714)	10
Options expired	(328)	10
Options outstanding at December 31	12,686	$ 10

C. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (%)	Expected option life	Risk-free interest rate	Fair value per unit
Employee stock options	January 18, 2023	$ 10.86	$ 10.00	32.00~ 34.04	0.08~ 2.78	0.87~ 1.08	$ 0.9832~ 2.788

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

	Year ended December 31, 2023
Equity-settled	$ 45,023

(13) Share capital

A. The Company was incorporated by Hua-Chuang Automobile Information Technical Center Co., Ltd. ("Hua-Chuang") and Hon Hai Precision Ind. Co., Ltd. ("Hon Hai") jointly on November 6, 2020.

B. As of December 31, 2023, the Group's authorised capital was $25,000,000, consisting of 2,500,000 thousand shares of ordinary stock, and the paid-in capital was $17,413,140 with a par value of $10 (in dollars) per share. Movements in the number of the Group's ordinary shares outstanding are as follows:

	2023	2022
	Number of shares (in thousands)	Number of shares (in thousands)
At January 1	$ 1,557,600	$ 1,557,600
Capital injection	150,000	-
Employee stock options exercised	33,714	-
At December 31	$ 1,741,314	$ 1,557,600

C. The Group issued 33,714 thousand ordinary shares relative to the exercise of employee share options in accordance with the employee share options plan with the subscription price of NT$10 (in dollars) per share, totaling $337,140. The effective date of the capital increase was on January 31, 2023. The registration of the capital increase had been completed on March 30, 2023.

D. On July 24, 2023, the Company's Board of Directors resolved to increase capital by issuing 150,000 thousand new shares to the public underwriting before listing on the Innovation Board. The capital increase had been approved by the Financial Supervisory Commission on September 6, 2023. The issued shares amounted to 150,000 thousand with a par value of NT$10 (in dollars) per share and the investment amount was $7,500,000. The registration of the capital increase had been completed on December 22, 2023.

(14) Capital surplus

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

	2023		
	Share premium	Employee stock options	Total
At January 1	$ -	$ -	$ -
Share-based payments	-	45,023	45,023
Employee stock options exercised	33,148	(33,148)	-
Capital injection	6,000,000	-	6,000,000
Reorganisation	8,759	-	8,759
At December 31	$ 6,041,907	$ 11,875	$ 6,053,782

(15) Accumulated deficit

A. 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 and special reserve as regulated by the competent authority. However, if the legal reserve has accumulated to an amount equal to the paid-in capital, this provision shall not apply. 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 comprise the cumulative distributable earnings, which shall be distributed to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders for approval.

Dividends and bonuses and all or part of capital surplus or legal reserve distributed in the form of cash regulated by Article 241 of the Company Act shall be authorised to be resolved by the Board of Directors with a majority vote at its meeting attended by two-thirds of the total number of directors and reported to the shareholders during their meeting and are not subject to the aforementioned regulations of resolutions from the shareholders.

When planning the Company's dividend distribution plan, the Company considers its profitability, capital requirements for future operating plan and changes in the industrial environment, taking into consideration the shareholder's long-term equity and the Company's long-term financial plan, at least 30% of the Company's distributable earnings for the year shall be appropriated as dividends in the form of cash or shares, and cash dividends shall account for at least 10% of the total dividends distributed.

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

C. For the information relating to employees' compensation and directors' and supervisors' remuneration, refer to Note 6(18).

D. The shareholders resolved the deficit compensation for 2022 and 2021 at their meeting on June 30, 2023 and June 15, 2022, respectively. The Company had no earnings for distribution because of the accumulated losses for both years.

(16) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2023	Taiwan	Southeast Asia	China	Total
At a point in time	$ 933,844	$ 50	$ -	$ 933,894
Over time	101,211	979	7,908	110,098
	$ 1,035,055	$ 1,029	$ 7,908	$ 1,043,992

Year ended December 31, 2022	Taiwan	Southeast Asia	Other	Total
At a point in time	$ 142,929	$ 63,998		$ 206,927
Over time	89,106	-	-	89,106
	$ 232,035	$ 63,998	$ -	$ 296,033

(a) The sales of electric bus are subject to variable consideration. For the years ended December 31, 2023 and 2022, the sales revenue of the aforementioned electric bus were $850,292 and $203,927, of which $250,667 and $57,549, respectively, represents the amount with variable consideration. Under the agreement, the aforementioned variable consideration was based on the maximum subsidy amount that can be fully obtained from the relevant units of the Ministry of Transportation and Communications and the portion that cannot be reached will be deducted from the payment. Based on the Group's assessment, it is highly probable that a significant reversal in the variable consideration will not occur. However, the payment will only be made after the customer obtains the government subsidy.

(b) As of December 31, 2023, the customer had not obtained the aforementioned subsidy of variable consideration, the supporting documents with added value rate of more than

50% had been prepared by the Group and were still in the review process by the competent authority. In accordance with the Group's submission experience and records in previous years, it is highly possible to obtain supporting documents with added value rate of more than 50%.

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022
Contract assets - current:		
Service contracts	$ 1,115	$ 167
Sales contracts	245,445	57,499
	$ 246,560	$ 57,666
Contract liabilities - current:		
Service contracts	$ -	($ 25,135)
Sales contracts	(13,345)	-
Contract liabilities - non-current:		
Sales contracts	(129,315)	(129,315)
	($ 142,660)	($ 154,450)

(a) Contract assets - service contracts pertain to services rendered but not yet billed; contract assets - sales contracts have variable consideration that is highly probable that a significant reversal will not occur; and contract liabilities represents advance sales receipts. Refer to Note 7 for the information on related parties.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the years ended December 31, 2023 and 2022 was $25,135 and $0, respectively.

(17) Expenses by nature

The additional disclosure information relating to operating costs and operating expenses is as follows:

	Years ended December 31, 2023	2022
Employee benefit expense	$ 546,774	$ 543,801
Depreciation	364,041	280,158
Amortisation	852,917	510,702
	$ 1,763,732	$ 1,334,661

(18) Employee benefit expense

	Years ended December 31, 2023	2022
Wages and salaries	$ 989,095	$ 839,603
Share-based payments	45,023	-
Labour and health insurance fees	72,001	56,091
Pension costs	34,784	28,463
Other personnel expenses	3,713	2,851
	$ 1,144,616	$ 927,008
The above items are grouped into the following:		
Operating costs and expenses	$ 546,774	$ 543,801
Internally generated intangible assets	597,842	383,207
	$ 1,144,616	$ 927,008

A. In accordance with the Articles of Incorporation of the Group, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall be 5% to 7%.

B. The Group did not accrue employees' compensation for the years ended December 31, 2023 and 2022 due to the accumulated deficit for both years.

C. Information about the appropriation of employees' compensation (bonus) and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Income tax

A. Income tax benefit

(a) Components of income tax benefit:

	Years ended December 31,	
	2023	2022
Current tax:		
Income tax on current income	$ 229	$ -
Deferred tax:		
Origination and reversal of temporary differences	(277,165)	(223,323)
Prior year income tax underestimation	11,463	-
Total deferred tax	(265,702)	(223,323)
Income tax benefit	$ 265,473	($ 223,323)

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

	Years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	($ 38)	$ 194

B. Reconciliation between income tax benefit and accounting profit

	Years ended December 31,	
	2023	2022
Tax income calculated based on loss before tax and statutory tax rate	($ 438,352)	($ 316,073)
Expenses disallowed by tax regulation	161,416	92,750
Prior year income tax underestimation	11,463	-
Income tax benefit	($ 265,473)	($ 223,323)

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Employee benefits/welfare	$ 19,579	($ 6,526)	$ -	$ 13,053
Tax losses	454,468	590,793	-	1,045,261
Others	2,072	15,033	38	17,143
	$ 476,119	$ 599,300	$ 38	$ 1,075,457
Deferred tax liabilities:				
Temporary differences:				
Capitalisation of research and development expense	$ -	($ 333,598)	$ -	($ 333,598)
	$ 476,119	$ 265,702	$ 38	$ 741,859

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Employee benefits/welfare	$ 26,105	($ 6,526)	$ -	$ 19,579
Tax losses	216,311	238,157	-	454,468
Others	10,574	(8,308)	(194)	2,072
	$ 252,990	$ 223,323	($ 194)	$ 476,119

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

	December 31, 2023			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	$ 2,364,299	$ 2,364,299	$ -	2033
2022	1,780,454	1,780,454	-	2032
2021	1,034,296	1,034,296	-	2031
2020	47,255	47,255	-	2030

December 31, 2022

Year incurred		Amount filed/ assessed		Unused amount		Unrecognised deferred tax assets	Expiry year
2022	$	1,780,454	$	1,780,454	$	-	2032
2021		1,034,296		1,034,296		-	2031
2020		47,255		47,255		-	2030

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

(20) Loss per share

	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 for the year	($ 1,927,201)	1,607,079	($ 1.20)

	Year ended December 31, 2022		
	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 for the year	($ 1,357,042)	1,557,600	($ 0.87)

The employee share options was not included in the calculation of diluted loss per share as it will have an anti-dilutive effect because of loss incurred for the year ended December 31, 2023.

(21) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,			
		2023		2022
Purchase of property, plant and equipment	$	481,166	$	182,344
Add: Opening balance of payable on equipment		120,161		4,208
Less: Ending balance of payable on equipment	(	60,023)	(	120,161)
Cash paid during the year	$	541,304	$	66,391

B. Financing activities with no cash flow effects:

As described in Note 6(13), the shares issued amounting to $337,140 arose from the exercise of employee share options in 2023.

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Hon Hai Precision Ind. Co., Ltd. and its subsidiaries (Hon Hai Group)	Group that has control over the Company
Hon Hai Precision Ind. Co., Ltd. (Hon Hai)	Parent company of the Company
Jusda International Logistics (Taiwan) Co., Ltd. (Jusda)	Subsidiary of the group that has control over the Company
Scienbizip Consulting (Far East) Co., Ltd.	〃
Foxconn Global Network Corporation	〃
Nanjing Futeng New Energy Automobile Technology Co., Ltd.	〃
Futaihua Industrial (Shenzhen) Co., Ltd.	〃
Cloud Network Technology Singapore Pte. Ltd.	〃
FORTUNEBAY TECHNOLOGY PTE LTD.	〃
Yulon Motor Co., Ltd. and its subsidiaries (Yulon Group)	Group that has significant influence over the Company
Yulon Motor Co., Ltd. (Yulon Motor)	Entity that has significant influence over the Company
Hua-Chuang Automobile Information Technical Center Co., Ltd. (Hua-Chuang)	〃
Luxgen Motor Co., Ltd. (Luxgen)	Subsidiary of the group that has significant influence over the Company
Yueki Industrial Co., Ltd. (Yueki Industrial)	〃
Y-Teks Co., Ltd. (Y-Teks)	〃
Uni Auto Parts Manufacture Co., Ltd.	〃
Yue Sheng Industrial Co., Ltd. (Yue Sheng Industrial)	〃
Yufong Property Management Co., Ltd.	〃
Luxgen Taipei Motor Co., Ltd.	〃
Chuang Jie New Energy Vehicle (HZ) Limited	〃
Luxgen (Hangzhou) Motor Sales Co., Ltd. (Luxgen Hangzhou)	〃
HsiangShou Enterprises Co., Ltd.	〃
Yes-Energy Service Co., Ltd.	〃
Mobile Drive Technology Co., Ltd. (Mobile Drive)	Associate of Hon Hai Group
Pan-International Industrial Corp. (Pan-International)	〃
Maxnerva Technology Service Inc. (Maxnerva)	〃
GENERAL INTERFACE SOLUTION LIMITED (GIS)	〃
PT FOXCONN INDIKA MOTOR	〃
Yonglin Foundation (Yonglin)	〃
Linker Vision Co., Ltd.	〃
PT. ENERGI MAKMUR BUANA	Note

Note: The Company's sales to PT FOXCONN INDIKA MOTOR (associate of Hon Hai Group) were made through PT. ENERGI MAKMUR BUANA.

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31, 2023	Years ended December 31, 2022
Sales of goods:		
Luxgen	$ 72,516	$ -
PT. ENERGI MAKMUR BUANA	-	53,331
Yulon Group	71	-
Associates of Hon Hai Group	29,970	-
Others	-	19,800
Sales of services:		
Luxgen	98,894	83,715
Hon Hai Group	7,945	-
Associates of Hon Hai Group	1,400	-
	$ 210,796	$ 156,846

(a) Services are sold based on the price lists in force and terms that would be available to third parties.

(b) Except for those circumstances wherein there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, other prices for the Group's sales and provision of services to the abovementioned related parties are similar to the prices for sales and provision of services to third parties.

(c) The abovementioned revenue from the services contracted but unfulfilled was $7,232 and $71,192 for the years ended December 31, 2023 and 2022, respectively.

(d) The abovementioned other sales of goods for the year ended December 31, 2022 pertains to the tripartite contract signed between Hon Hai Precision Ind. Co., Ltd., the Employee Welfare Committee of Hon Hai Precision Ind. Co., Ltd. and the Company to purchase the electric bus of the Company. In accordance with relevant laws and regulations, the vehicle license was registered under Hon Hai Precision Ind. Co., Ltd. and the payment was made by the Employee Welfare Committee of Hon Hai Precision Ind. Co., Ltd..

B. Purchases

	Years ended December 31, 2023	Years ended December 31, 2022
Purchases of goods:		
Yulon Group	$ 53,609	$ 3,724
Hon Hai Group	36,398	2,870
Associates of Hon Hai Group	16,364	6,106
	$ 106,371	$ 12,700

Except for those circumstances wherein there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, the Group purchases other goods from the abovementioned related parties based on the current price and associates on normal commercial terms and conditions.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
Luxgen	$ 90,570	$ 868
Hon Hai Group	-	22
Yonglin	34,865	-
Less: Allowance for uncollectible accounts	(64)	-
	$ 125,371	$ 890

The receivables are due 30 to 60 days after monthly billings. The receivables are unsecured in nature and bear no interest.

D. Contract assets - service contracts

	December 31, 2023	December 31, 2022
Luxgen	$ 1,116	$ 167

E. Contract liabilities - service contracts

	December 31, 2023	December 31, 2022
Luxgen	$ -	$ 25,135

F. Payables to related parties

	December 31, 2023	December 31, 2022
Yulon Group	$ 56,174	$ 2,039
Hon Hai Group	22,856	-
Associates of Hon Hai Group	5,364	1,142
	$ 84,394	$ 3,181

The payables are due 30 to 90 days after the date of purchase or the date the service has been provided. The payables bear no interest.

G. Prepayments

	December 31, 2023	December 31, 2022
Yueki Industrial	$ 33,954	$ 32,370
Y-Teks	24,382	24,382
Yulon Group	36,133	-
Associates of Hon Hai Group	57	-
	$ 94,526	$ 56,752

H. Other payables

	December 31, 2023	December 31, 2022
Hua-Chuang	$ -	$ 113,468
Hon Hai Group	18,817	18,643
Yulon Group	52,548	5,768
Associates of Hon Hai Group	1,339	1,470
	$ 72,704	$ 139,349

Other payables mainly refer to payment on behalf of others, administration service fee, design and development fee and payable on equipment.

I. Lease transactions - lessee

(a) The Group leases offices from Hon Hai. Rental contracts are typically made for periods of 2 years. Rents are paid quarterly or annually.

(b) The acquisition of right-of-use assets from related parties for the year ended December 31, 2023 amounted to $207,159.

(c) The Group leased offices from Yulon Group for the years ended December 31, 2023 and 2022. Rental contracts were made for periods of 12 months or less.

(d) Rent expense

	Years ended December 31,	
	2023	2022
Yulon Motor	$ 45,229	$ 45,585
Yulon Group	1,373	1,290
	$ 46,602	$ 46,875

(e) Lease liabilities

	December 31, 2023
Hon Hai	$ 208,223

The Group’s interest expense arising from lease liabilities for the year ended December 31, 2023 amounted to $1,064.

J. Other costs and expenses

	Years ended December 31, 2023	Years ended December 31, 2022
Professional service fees		
- Yulon Motor	$ 74,251	$ 380
- Hua-Chuang	-	36,987
- Hon Hai Group	7,689	13,961
Other costs and expenses		
- Yulon Group	21,380	3,276
- Hon Hai Group	16,595	13,792
- Associates of Hon Hai Group	1,204	276
	$ 121,119	$ 68,672

K. Non-operating income

	Years ended December 31, 2023	Years ended December 31, 2022
Yulon Group	$ 8,496	$ 59

Non-operating income refers to the relocation subsidy that the Taoyuan City Government paid to Hua-Chuang because of the expropriation of aerotropolis. Hua-Chuang transferred the corresponding subsidy from the received relocation subsidy to the Group for the ownership of the equipment belonging to the Group.

L. Property transactions

(a) Acquisition of property and equipment

	Years ended December 31, 2023	Years ended December 31, 2022
Hua-Chuang	$ -	$ 70,336
Luxgen	116,710	-
Luxgen (Hangzhou)	116,582	-
Hon Hai Group	-	3,225
Yulon Group	49,124	5,846
Associates of Hon Hai Group	-	2,000
	$ 282,416	$ 81,407

(b) Acquisition of intangible assets

	Years ended December 31, 2023	Years ended December 31, 2022
Yulon Group	$ 17,283	$ 388
Hon Hai Group	-	168
Associates of Hon Hai Group	135	-
	$ 17,418	$ 556

(c) Acquisition of financial assets

	Year ended December 31, 2023		
	Accounts	Objects	Consideration
-Futaihua Industrial (Shenzhen)	Note	Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.	$ 44,361

Note: On April 20, 2023, the Company acquired 100% of the share capital of Foxtron Vehicle Technologies (Hangzhou) Co., Ltd. for RMB 10 million. The Company obtained control over the company and the company was included in the consolidated financial statements since the business combination date. Refer to Note 4(3) for more details.

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Short-term employee benefits	$ 69,772	$ 39,940
Post-employment benefits	1,055	254
Share-based payments	11,875	-
	$ 82,702	$ 40,194

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Time deposits (shown as 'other non-current assets')	$ -	$ 7,000	Guarantee for customs duties

Refer to Note 9 for the details of performance guarantee of government grants.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contract Commitments

A. The Company participated in the subsidy plan of the Science and Technology Research and Development Project of the Ministry of Economic Affairs. The period of the plan was from December 1, 2020 to November 30, 2022. The Company shall pay a performance guarantee of $128,000 based on the contract as of December 31, 2022. The guarantee had been pledged by the joint performance guarantee letter issued by the bank. As of December 31, 2023 and 2022, the Company had applied for and received subsidy totaling $128,000. As of December 31, 2023, the Company completed the project and recognised the portion of the grant not exceeding actual expenditures of $3,551 as restricted deposits (shown as 'current financial assets at amortised cost').

B. The Company participated in the Industrial Upgrading Innovation Platform Guidance Program of the Ministry of Economic Affairs. The period of the program is from January 1, 2023 to June 30, 2025. The program was approved on May 18, 2023. The signing of the subsidy contract had been completed on September 22, 2023. The Company will receive subsidy of $269,474 based on the progress of execution.

As of December 31, 2023, the Company had applied for and received a subsidy of $180,000 and recognised gain on deferred government grants in the amount of $45,174 (shown as 'other current liabilities') and gain on government grants in the amount of $134,826 (shown as 'other income').

(2) Commitments

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 1,124,459	$ 466,196

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 maximum returns for shareholders and to reduce the gearing ratio and cost of capital positively.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 6,553,115	$ 4,553,538
Financial assets at amortised cost	3,048,725	3,547
Contract assets	246,560	57,666
Accounts receivable (including related parties)	252,707	915
Other receivables	26,625	10,370
Guarantee deposits	9,993	15,622
	$ 10,137,725	$ 4,641,658

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Contract liabilities	$ 142,660	$ 154,450
Accounts payable (including related parties)	635,468	130,846
Other payables	646,021	665,264
Guarantee deposits received	400	400
	$ 1,424,549	$ 950,960

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(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

Foreign exchange risk

The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	382	30.71	$ 11,731	1%	$ 117	-
RMB:NTD	2,014	4.327	8,715	1%	87	-
Foreign operations						
RMB:NTD	9,221	4.327	39,898	1%	-	399
Financial liabilities						
Monetary items						
USD:NTD	4,309	30.71	$ 132,329	1%	$ 1,323	-
RMB:NTD	111,783	4.327	483,685	1%	4,837	-

	December 31, 2022				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	4,106	30.71	$ 126,095	1%	$ 1,261
RMB:NTD	7,037	4.408	31,019	1%	310
Financial liabilities					
Monetary items					
USD:NTD	198	30.71	$ 6,081	1%	$ 61
RMB:NTD	14,142	4.408	62,338	1%	623

The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to $17,470 and ($128), respectively.

Price risk

There was no significant market risk of variation in price as the Group did not engage in investment target with price risk.

Cash flow and fair value interest rate risk

There was no cash flow risk of change in interest rate as the Group did not invest in interest rate products and had no borrowings.

(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.

According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their 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 the Board of Directors. The utilisation of credit limits is regularly monitored.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to other financial instruments. The Group had no significant credit risk as its counterparties and performing parties were all banks with good credit quality and had no significant compliance concern.

ii. If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 360 days.

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

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

(ii) Default or delinquency in interest or principal repayments;

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

iv. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 251,295	$ 915
0 to 90 days	2,966	-
	$ 254,261	$ 915

The above ageing analysis was based on past due date.

v. The Group applies the following approaches to assess the expected credit losses (ECLs) of accounts receivable and contract assets:

(i) Assess the ECLs on an individual basis if a significant default has occurred to certain customers;

(ii) Classify the other customers' accounts receivable based on the Group's credit rating standards and estimates the ECLs using loss rate methodology or provision matrix;

(iii) Adjust the loss rates constructed from historical and recent information by taking into account the business cycle indicators of the National Development Council and forecasts of the Basel Committee on Banking Supervision.

(iv) The loss allowance for accounts receivable (including related parties) and contract assets using loss rate methodology or provision matrix on December 31, 2023 is as follows:

December 31, 2023	Group 1	Group 2	Groups 3 and 4	Total
Expected loss rate	0.0375%	0.0875%	10.92%~24.66%	
Total book value	$ 91,686	$ 402,780	$ 6,570	$ 501,036
Loss allowance	$ 34	$ 353	$ 1,382	$ 1,769

December 31, 2022	Group 1	Group 2	Groups 3 and 4	Total
Expected loss rate	0.0375%	0.0875%	0%~35.83%	
Total book value	$ 1,082	$ 57,549	$ -	$ 58,631
Loss allowance	$ -	$ 50	$ -	$ 50

Group 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Group's credit policies for those that have no external credit ratings.

Group 2: Standard Poor's or Fitch's rating of BBB, Moody's rating of Baa, or rated as B or C in accordance with the Group's credit policies for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch's rating of BB + and below, or Moody's rating of Ba1 and below.

Group 4: Rated as other than A, B, or C in accordance with the Group's credit policies for those that have no external credit ratings.

vi. Movements in loss allowance for accounts receivable (including related parties) and contract assets are as follows:

	2023	2022
At January 1	$ 50	$ -
Impairment loss	1,719	50
At December 31	$ 1,769	$ 50

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury 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.

ii. All of the Group's non-derivative financial liabilities will mature within 1 year. In addition, the Group had no derivative financial liabilities. All the Company's non-current lease liabilities are expiring within the next five years.

Fair value information

A. The Group had no financial and non-financial instruments measured at fair value on December 31, 2023 and 2022.

B. The carrying amounts of the Group’s financial instruments not measured at fair value (cash and cash equivalents, financial assets at amortised cost, contract assets, accounts receivable, other current assets, other non-current assets, contract liabilities, accounts payable, other payables and other current liabilities) are approximate to their fair values.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

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

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 1.

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

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

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

None.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 2.

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 3.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Information about segment profit or loss, assets and liabilities

The Group operates business only in a single industry. The Group’s information about segment profit or loss, assets and liabilities is in agreement with those shown in the financial statements. Refer to the balance sheets and statements of comprehensive income.

(3) Information on products and geographical information

Refer to Note 6(16) and the statement of operating revenue.

(4) Major customer information

Major customer information of the Company for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31, 2023	Years ended December 31, 2022
Company E	$ 264,284	$ -
Company F	180,096	-
Company C	21,024	120,129
Company A	171,410	83,715
Company D	-	63,998
	$ 636,814	$ 267,842

Foxtron vehicle technology 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

Year ended December 31, 2023

Expressed in thousands of NTD

Table 1 (Except as otherwise indicated)

				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
The Company	Luxgen Motor Co., Ltd.	Subsidiaries of the group with significant influence to the Company	Sales of goods and services	$ 171,410	16	30 days after monthly billings	Note 1	Note 1	$ 90,570	36	

Note 1: Except for the fact that there is no similar transaction to be complied with and the terms of the transaction were determined by mutual agreement, the other terms of the transaction are approximately the same as the transaction terms made with the third party.

Foxtron vehicle technology Co., Ltd. and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023: 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 income of investee as of December 31, 2023	Ownership held by (loss) recognised by the Company (direct or indirect)	Investment income for the year ended December 31, 2023 (Note 3)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
Foxtron Vehicle Technologies(Hangzhou) Co., Ltd.	Research and development of vehicles parts; manufacturing and wholesale of vehicles parts and accessories	$ 43,270	(1)	$ -	$ 44,361	$ -	$ 44,361	($ 7,551)	100	($ 12,081)	$ 39,898	$ -	Note 2 and 3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 5)	Investment amount approved Commission of the Ministry of Economic Affairs (MOEA) (Note 5)	Ceiling on investments in Mainland China imposed by the investment Commission of MOEA
Foxtron vehicle technology Co., Ltd.	$ 44,361	$ 43,270	$ 11,502,121

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to :

(1) Directly invest in a company in Mainland China..

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2:Foxtron Vehicle Technologies(Hangzhou) Co., Ltd. investment amount of RMB10,000,000 was approved by the Investment Commission of the Ministry of Economic Affairs (MOEA). The capital injection was completed on April 20, 2023.

Note 3: The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column was recognised based on the financial statements that are audited and attested by CPA.

Note 4: Limit on the Company's investment in Mainland China is 60% of the Company's net assets.

Note 5: The investment amount approved by the Investment Commission of Ministry of Economic Affairs (MOEA) and the investment amount transmitted from Taiwan to mainland China at the end of the year both amounted to RMB10,000,000, and the difference was due to the exchange rate.

Foxtron vehicle technology Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2023

Table 3

Major shareholders information	Shares	
	Number of shares held	Ownership (%)
Hon Hai Precision Ind. Co., Ltd.	794,400,000	45.62%
Hua-Chuang Automobile Information Technical Center Co., Ltd	763,200,000	43.83%

5. Standalone Financial Report of the Company Having Been Audited and Certified by CPAs in the Most Recent Year

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

(Stock code 2258)

Company address: 7F., No. 26, Baogao Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.)

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Foxtron Vehicle Technologies Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Foxtron Vehicle Technologies Co., Ltd. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matter for the Company's 2023 parent company only financial statements is stated as follows:

Intangible asset - impairment assessment of car model technology development costs

Description

Refer to Note 4(13) for accounting policies on intangible assets, Note 4(14) for accounting policies on impairment of non-financial assets, Note 5 for significant accounting estimates and assumptions of intangible assets, and Note 6(9) for details of intangible assets.

The Company's car model technology development costs amounted to NT$7,072,361 thousand as at December 31, 2023. An impairment assessment is performed annually when there is any indication of impairment. As the calculation of value in use involves management's judgements, such as the estimation of future cash flows of product life cycles and the determination of discount rate, etc., which are highly uncertain and have a material impact in the estimation of value in use, the impairment assessment of car model technology development costs was identified as a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of and assessed the key control procedures performed by management, including review and approval of financial budgets and assumptions.

Compared the parameters used in predicting future cash flows with historical experience, economic and industrial forecasts.

Compared the parameters used in determining discount rate with the assumptions on capital cost of cash generating units, and with returns rate on similar assets.

Verified the valuation model calculation.

Assessed the future cash flow sensitivity analysis prepared by management based on the alternative hypothesis using different discount rates, and confirmed whether management had adequately assessed the possible impact of the estimation uncertainty on the impairment valuation.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Hsu, Chieh-Ju   Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan
February 29, 2024

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 6,508,198	31	$ 4,553,538	32
1136	Financial assets at amortised cost - current	6(2) and 9	3,048,725	14	3,547	-
1140	Contract assets - current	6(17) and 7	246,560	1	57,666	-
1170	Accounts receivable, net	6(3) and 7	252,707	1	915	-
1200	Other receivables		26,592	-	10,370	-
1220	Income tax assets - current		2,677	-	652	-
130X	Inventories	6(4)	606,918	3	271,912	2
1410	Prepayments	6(5)	392,933	2	516,049	4
11XX	**Total current assets**		11,085,310	52	5,414,649	38
	Non-current assets					
1550	Investments accounted for using equity method	6(6)	39,898	-	-	-
1600	Property, plant and equipment	6(7)	1,166,740	6	1,002,653	7
1755	Right-of-use assets	6(8)	197,325	1	-	-
1780	Intangible assets	6(9)	7,213,662	34	7,048,143	50
1840	Deferred income tax assets	6(20)	1,075,457	5	476,119	3
1900	Other non-current assets	6(10) and 8	459,884	2	237,053	2
15XX	**Total non-current assets**		10,152,966	48	8,763,968	62
1XXX	**Total assets**		$ 21,238,276	100	$ 14,178,617	100

(Continued)

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2130	Contract liabilities - current	6(17) and 7	$ 13,345	-	$ 25,135	-
2170	Accounts payable	7	635,426	3	130,846	1
2200	Other payables	7	639,645	3	665,264	5
2250	Provisions for liabilities - current	6(11)	3,802	-	618	-
2280	Lease liabilities - current		81,748	1	-	-
2300	Other current liabilities	9	78,292	-	16,811	-
21XX	**Total current liabilities**		1,452,258	7	838,674	6
	Non-current liabilities					
2527	Contract liabilities - non-current	6(17)	129,315	1	129,315	1
2550	Provisions for liabilities - non-current	6(11)	8,770	-	1,421	-
2570	Deferred income tax liabilities	6(20)	333,598	1	-	-
2580	Lease liabilities - non-current		142,664	1	-	-
2600	Other non-current liabilities	6(12)	1,470	-	1,435	-
25XX	**Total non-current liabilities**		615,817	3	132,171	1
2XXX	**Total liabilities**		2,068,075	10	970,845	7
	Equity					
	Share capital					
3110	Ordinary share	6(14)	17,413,140	82	15,576,000	110
	Capital surplus	6(15)				
3200	Capital surplus		6,053,782	28	-	-
	Retained earnings					
3350	Accumulated deficit	6(16)	(4,295,580)	(20)	(2,368,228)	(17)
	Other equity					
3400	Other equity interest	6(16)	(1,141)	-	-	-
3XXX	**Total equity**		19,170,201	90	13,207,772	93
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 21,238,276	100	$ 14,178,617	100

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(17) and 7	$ 1,036,084	100	$ 296,033	100
5000	Operating costs	6(4)(18)(19) and 7	(885,058)	(86)	(206,475)	(70)
5900	Gross profit from operations		151,026	14	89,558	30
	Operating expenses	6(18)(19) and 7				
6100	Selling expenses		(32,752)	(3)	(10,204)	(3)
6200	General and administrative expenses		(416,182)	(40)	(339,242)	(115)
6300	Research and development expenses		(2,069,840)	(200)	(1,382,358)	(467)
6000	Total operating expenses		(2,518,774)	(243)	(1,731,804)	(585)
6900	Net operating loss		(2,367,748)	(229)	(1,642,246)	(555)
	Non-operating income and expenses					
7100	Interest income		26,328	2	6,473	2
7010	Other income	7 and 9	144,339	14	55,575	19
7020	Other gains and losses		17,442	2	(167)	-
7050	Finance costs		(1,183)	-	-	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(12,081)	(1)	-	-
7000	Total non-operating income and expenses		174,845	17	61,881	21
7900	**Loss before income tax**		(2,192,903)	(212)	(1,580,365)	(534)
7950	Income tax benefit	6(20)	265,702	26	223,323	76
8200	**Loss for the year**		($ 1,927,201)	(186)	($ 1,357,042)	(458)
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	(Loss) gain on remeasurement of defined benefit plan	6(12)	($ 189)	-	$ 969	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	38	-	(194)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(151)	-	775	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences		(1,141)	-	-	-
8300	**Other comprehensive (loss) income**		($ 1,292)	-	$ 775	-
8500	**Total comprehensive loss**		($ 1,928,493)	(186)	($ 1,356,267)	(458)
	Loss per share					
9750	Basic and diluted loss per share	6(21)	($ 1.20)		($ 0.87)	

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

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

	Notes	Ordinary share	Capital surplus	Accumulated deficit	Exchange differences on translation of foreign financial statements	Total equity
2022						
Balance at January 1		$ 15,576,000	$ -	($ 1,011,961)	$ -	$ 14,564,039
Loss for the year		-	-	(1,357,042)	-	(1,357,042)
Other comprehensive income for the year		-	-	775	-	775
Total comprehensive loss for the year		-	-	(1,356,267)	-	(1,356,267)
Balance at December 31		$ 15,576,000	$ -	($ 2,368,228)	$ -	$ 13,207,772
2023						
Balance at January 1		$ 15,576,000	$ -	($ 2,368,228)	$ -	$ 13,207,772
Loss for the year		-	-	(1,927,201)	-	(1,927,201)
Other comprehensive loss for the year		-	-	(151)	(1,141)	(1,292)
Total comprehensive loss for the year		-	-	(1,927,352)	(1,141)	(1,928,493)
Issuance of employee restricted stocks	6(13)(14)(15)	337,140	33,148	-	-	370,288
Issuance of new shares	6(14)(15)	1,500,000	6,000,000	-	-	7,500,000
Share-based payments	6(13)(15)	-	11,875	-	-	11,875
Organisation restructuring	6(15)	-	8,759	-	-	8,759
Balance at December 31		$ 17,413,140	$ 6,053,782	($ 4,295,580)	($ 1,141)	$ 19,170,201

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 2,192,903)	($ 1,580,365)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(18)	361,594	280,158
Amortisation	6(18)	852,917	510,702
Expected credit loss	12(2)	1,719	50
Finance costs		1,183	-
Interest income		(26,328)	(6,473)
Share-based payments	6(13)	45,023	-
Share of loss accounted for using equity method	6(6)	12,081	-
Loss on disposal of property, plant and equipment		-	39
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(189,059)	(57,666)
Accounts receivable		(253,346)	25,538
Other receivables		(16,222)	(5,677)
Inventories		(354,350)	(251,236)
Prepayments		123,116	(103,238)
Changes in operating liabilities			
Contract liabilities		(11,790)	154,450
Accounts payable		504,580	91,541
Other payables		371,659	205,983
Provisions of liabilities		10,533	2,039
Other current liabilities		61,481	(31,140)
Net defined benefit liability		(154)	(1,215)
Cash outflow generated from operations		(698,266)	(766,510)
Interest received		26,328	6,473
Interest paid		(120)	-
Income tax paid		(2,025)	(566)
Net cash flows used in operating activities		(674,083)	(760,603)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in financial assets at amortised cost - current		(3,045,178)	46,106
Acquisition of investments accounted for using equity method	6(6)	(44,361)	-
Acquisition of property, plant and equipment	6(22)	(538,245)	(66,391)
Proceeds from disposal of property, plant and equipment		-	1,131
Acquisition of intangible assets		(1,018,436)	(709,577)
Increase in other non-current assets		(228,744)	(219,670)
Decrease in guarantee deposits		5,913	-
Net cash flows used in investing activities		(4,869,051)	(948,401)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		(2,206)	-
Proceeds from issuance of shares	6(14)	7,500,000	-
Increase in other liabilities		-	400
Net cash flows from financing activities		7,497,794	400
Net increase (decrease) in cash and cash equivalents		1,954,660	(1,708,604)
Cash and cash equivalents at beginning of year		4,553,538	6,262,142
Cash and cash equivalents at end of year		$ 6,508,198	$ 4,553,538

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Foxtron Vehicle Technologies Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in the design and manufacture of vehicles and related components. As of December 31, 2023, Hon Hai Precision Ind. Co., Ltd. holds 46% equity interest in the Company, and is the Company's ultimate parent company.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on February 29, 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
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

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

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

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

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

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

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

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

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The functional currency of the Company is determined by the primary economic environment in which the Company operates. The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and 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 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 items denominated in foreign currencies are translated at the closing rate at the balance sheet date. Exchange differences arising upon translation at the balance sheet date are recognised in profit or loss.

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

B. Translation of foreign operations

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

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

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

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

(4) Classification of current and non-current items

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.

(5) Cash equivalents

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

(6) 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 Company's business model is achieved by collecting contractual cash flows.

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

B. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

C. The Company'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.

(7) Accounts and notes receivable

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

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

(8) Impairment of financial assets

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

(9) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the moving weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. 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.

(10) Investments accounted for using equity method

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

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 Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is 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 Company 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.

(11) 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 Company 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 or the units of production method to allocate their cost over their estimated benefits. 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:

Molding equipment	3 ~ 5 years
Other equipment	2 ~ 9 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

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

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

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

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the 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
   (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

   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 and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(13) Intangible assets

A. Car model technology is stated at acquisition cost based on the technical value and amortised on a straight-line basis over the estimated useful life of 8 years.

B. Internally generated intangible assets—research and development expenditures
   (a) Research expenditures are recognised as an expense as incurred.
   (b) Development expenditures that do not meet the following criteria are recognised as expenses as incurred, but are recognised as intangible assets when the following criteria are met:
      i. It is technically feasible to complete the intangible asset so that it will be available for use or sale;
      ii. An entity intends to complete the intangible asset and use or sell it;
      iii. An entity has the ability to use or sell the intangible asset;
      iv. It can be demonstrated how the intangible asset will generate probable future economic benefits;
      v. Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
      vi. The expenditure attributable to the intangible asset during its development can be reliably measured.
   (c) Upon being available for use, internally generated intangible assets are amortised using the units of production method over their estimated benefits.

C. Patents are amortised on a straight-line basis over their estimated useful lives of 3~14 years.

D. Computer software is stated at cost and amortised on a straight-line basis over the period of 2 to 5 years.

(14) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is 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.

B. The recoverable amounts of intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(15) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and those resulting from operating and non-operating activities.

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

(16) Provisions

Provisions for warranty are recognised when the Company 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.

(17) 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 plan

For defined contribution plan, 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 plan

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 Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan 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 high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

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

iii. Past service costs are recognised immediately in profit or loss.

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 Company calculates the number of shares based on the fair value per share estimated using a valuation technique specified in IFRS 2, 'Share-based Payment'.

(18) Employee share-based payment

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

(19) Income tax

A. The tax expense for the year 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 Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

D. Deferred 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 tax assets are reassessed.

(20) 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.

(21) Revenue recognition

A. Sales of goods

The Company sells electric buses and electric vehicles. Sales are recognised when control of the products has transferred, being when the products are delivered to the buyer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the Company. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied. 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.

B. Service revenue

Service revenue mainly arises from providing technical support services and is recognised under the percentage-of-completion method. The stage of completion is determined based on the proportion of costs invested to the estimated total costs for each individual contract. If the outcome of a contract cannot be reasonably estimated, revenue is recognised only to the extent of expenses incurred that are expected to be recovered. Any changes in construction contract consideration or estimated construction total costs are accounted for as changes in accounting estimates.

(22) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company 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 Company recognises expenses for the related costs for which the grants are intended to compensate.

(23) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

Accounting estimates are based on the situation at the balance sheet date to estimate future events, though there could be differences between the actual events and estimation. Estimates and assumptions on the risk of possible critical adjustments to the carrying amount of assets and liabilities for the next fiscal year are as follows:

A. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

B. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

As of December 31, 2023, the Company recognised deferred tax assets amounting to $1,075,457.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 30	$ 30
Demand deposits	6,508,168	3,925,508
Time deposits	-	628,000
	$ 6,508,198	$ 4,553,538

Details of the Company's restricted cash which is classified as 'other non-current assets' and 'financial assets at amortised cost – current' are provided in Notes 8 and 9.

(2) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Restricted assets	$ 48,725	$ 3,547
Time deposits with maturity over three months	3,000,000	-
	$ 3,048,725	$ 3,547

Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2023	2022
Interest income	$ 7,778	$ -

(3) Accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable	$ 254,261	$ 915
Less: Allowance for uncollectible accounts	(1,554)	-
	$ 252,707	$ 915

A. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of accounts receivable from contracts with customers amounted to $26,503.
B. The Company has no accounts receivable pledged to others as collateral.
C. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 210,983	$ 173,946
Work in progress	60,867	93,090
Finished goods	3,184	7,280
Inventory in transit	338,418	-
	613,452	274,316
Less: Allowance for inventory valuation losses	(6,534)	(2,404)
	$ 606,918	$ 271,912

The cost recognised as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	$ 848,188	$ 175,637
Valuation losses	4,130	2,404
Loss on scrapping inventory	-	1,346
Warranty costs	10,568	2,039
Other service costs	22,172	25,049
	$ 885,058	$ 206,475

(5) Prepayments

	December 31, 2023	December 31, 2022
Excess business tax paid	$ 372,500	$ 362,677
Prepayments to suppliers	14,891	141,417
Other prepayments	5,542	11,955
	$ 392,933	$ 516,049

(6) Investments accounted for using equity method

	2023
At January 1	$ -
New investment accounted for using equity method	44,361
Share of loss of investments accounted for using equity method	(12,081)
Changes in capital surplus	8,759
Changes in other equity items	(1,141)
At December 31	$ 39,898

On April 20, 2023, the Company acquired 100% of the share capital of Foxtron Vehicle Technologies (Hangzhou) Co., Ltd. for RMB 10 million.

(7) Property, plant and equipment

	Molding equpment	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1, 2023				
Cost	$ 1,426,680	$ 108,173	$ 16,669	$ 1,551,522
Accumulated depreciation	(519,661)	(29,208)	-	(548,869)
	$ 907,019	$ 78,965	$ 16,669	$ 1,002,653
Opening net book amount as at January 1, 2023	$ 907,019	$ 78,965	$ 16,669	$ 1,002,653
Additions	256,360	79,840	141,907	478,107
Transfers	12,598	19,344	(12,598)	19,344
Depreciation	(300,930)	(32,434)	-	(333,364)
Closing net book amount as at December 31, 2023	$ 875,047	$ 145,715	$ 145,978	$ 1,166,740
At December 31, 2023				
Cost	$ 1,695,638	$ 207,357	$ 145,978	$ 2,048,973
Accumulated depreciation	(820,591)	(61,642)	-	(882,233)
	$ 875,047	$ 145,715	$ 145,978	$ 1,166,740

	Molding equpment	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1, 2022				
Cost	$ 1,299,118	$ 69,615	$ 1,615	$ 1,370,348
Accumulated depreciation	(259,824)	(8,887)	-	(268,711)
	$ 1,039,294	$ 60,728	$ 1,615	$ 1,101,637
Opening net book amount as at January 1, 2022	$ 1,039,294	$ 60,728	$ 1,615	$ 1,101,637
Additions	127,562	38,113	16,669	182,344
Disposals	-	(1,170)	-	(1,170)
Transfers	-	1,615	(1,615)	-
Depreciation	(259,837)	(20,321)	-	(280,158)
Closing net book amount as at December 31, 2022	$ 907,019	$ 78,965	$ 16,669	$ 1,002,653
At December 31, 2022				
Cost	$ 1,426,680	$ 108,173	$ 16,669	$ 1,551,522
Accumulated depreciation	(519,661)	(29,208)	-	(548,869)
	$ 907,019	$ 78,965	$ 16,669	$ 1,002,653

(8) Leasing arrangements－lessee

A. The Company leases various assets including buildings and structures. Rental contracts are 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. Short-term leases with a lease term of 12 months or less comprise certain dormitories and offices.

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

	December 31, 2023
	Carrying amount
Buildings and structures	$ 195,876
Other equipment	1,449
	$ 197,325

		December 31, 2023
		Depreciation
Buildings and structures	$	28,143
Other equipment		87
	$	28,230

D. For the year ended December 31, 2023, the additions to right-of-use assets amounted to $225,555.
E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,			
Items affecting profit or loss	2023		2022	
Interest expense on lease liabilities	$	1,183	$	-
Expense on short-term lease contracts	$	56,955	$	57,236

For the year ended December 31, 2023, the Company's total cash outflow for leases amounted to $59,281.

(9) Intangible assets

		Patents		Computer software		Car model technology costs		Total
At January 1, 2023								
Cost	$	90,000	$	140,215	$	7,352,001	$	7,582,216
Accumulated amortisation and impairment	(	28,973)	(	40,560)	(	464,540)	(	534,073)
	$	61,027	$	99,655	$	6,887,461	$	7,048,143
Opening net book amount as at January 1, 2023	$	61,027	$	99,655	$	6,887,461	$	7,048,143
Additions - acquired separately		-		33,772		-		33,772
Additions - from internal development		-		-		984,664		984,664
Amortisation	(	18,300)	(	34,853)	(	799,764)	(	852,917)
Closing net book amount as at December 31, 2023	$	42,727	$	98,574	$	7,072,361	$	7,213,662
At December 31, 2023								
Cost	$	90,000	$	173,987	$	8,336,665	$	8,600,652
Accumulated amortisation and impairment	(	47,273)	(	75,413)	(	1,264,304)	(	1,386,990)
	$	42,727	$	98,574	$	7,072,361	$	7,213,662

Car model

	Patents	Computer software	technology costs	Total
At January 1, 2022				
Cost	$ 90,000	$ 113,963	$ 6,668,676	$ 6,872,639
Accumulated amortisation and impairment	(10,674)	(12,697)	-	(23,371)
	$ 79,326	$ 101,266	$ 6,668,676	$ 6,849,268
Opening net book amount as at January 1, 2022	$ 79,326	$ 101,266	$ 6,668,676	$ 6,849,268
Additions - acquired separately	-	26,252	-	26,252
Additions - from internal development	-	-	683,325	683,325
Amortisation	(18,299)	(27,863)	(464,540)	(510,702)
Closing net book amount as at December 31, 2022	$ 61,027	$ 99,655	$ 6,887,461	$ 7,048,143
At December 31, 2022				
Cost	$ 90,000	$ 140,215	$ 7,352,001	$ 7,582,216
Accumulated amortisation and impairment	(28,973)	(40,560)	(464,540)	(534,073)
	$ 61,027	$ 99,655	$ 6,887,461	$ 7,048,143

A. On November 6, 2020, Hua-Chuang Automobile Information Technical Center Co., Ltd. contributed the developing car model technology amounting to $6,360,000 as an investment to the Company, which was mainly car model platforms and related automotive power systems, etc. and its value was assessed based on the appraisal report of the external independent expert. The developing car model technology is not ready for use and will continually be researched and developed until the development is completed. When the car model technology is available for production, it will be amortised on a straight-line basis over its estimated useful life.

B. On May 31, 2021, Hua-Chuang Automobile Information Technical Center Co., Ltd. contributed the patents amounting to $90,000 as an investment to the Company, which were amortised on a straight-line basis over their legal useful life.

C. The Company assessed the impairment of recoverable amount for the car model technology costs at the end of financial reporting period and used the value-in-use as the basis for calculating the recoverable amount. These calculations for value-in use used future cash flow projections of product life cycles of the Company. The annual discount rates used as of December 31, 2023 and 2022 were 16.54% and 14.07%, respectively. As of December 31, 2023 and 2022, there was no further indication of impairment and no impairment loss was recognised.

D. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2023	2022
Operating costs	$ 4,764	$ 790
Operating expenses	848,153	509,912
	$ 852,917	$ 510,702

(10) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for business equipments	$ 450,175	$ 221,431
Guarantee deposits	9,709	15,622
	$ 459,884	$ 237,053

(11) rovisions

	2023	2022
At January 1,	$ 2,039	$ -
Additional	11,231	2,039
Used during the year	(35)	-
Reversal	(663)	-
At December 31	$ 12,572	$ 2,039
Analysis of total provisions:		
Current	$ 3,802	$ 618
Non-current	$ 8,770	$ 1,421

Provisions for warranty arising from the sales of electric buses are adjusted and calculated by considering attrition rates of parts and components in the future or other factors that affect product quality when the Company has a present legal or constructive obligation, and it is probable that an outflow of economic resources will be required to settle the obligation. The Company accrues liabilities for parts and components with warranty obligations and the amount of the obligation can be reliably estimated. Most of the warranties provided by the Company last for 3 to 8 years. The Company's provisions for warranty are calculated based on purchasing costs of the new products.

(12) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan, which applies to employees who transferred on November 6, 2020. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of 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 will make contributions for the deficit by next March.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 48,851	$ 54,598
Fair value of plan assets	(47,780)	(53,562)
Net defined benefit liability (shown as 'other non-current liabilities')	$ 1,071	$ 1,036

(c) 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	$ 54,598	$ 53,562	$ 1,036
Current service cost	9	-	9
Interest expense (income)	655	643	12
	$ 55,262	$ 54,205	$ 1,057
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(637)	637
Experience adjustments	(448)	-	(448)
	(448)	(637)	189
Pension fund contribution	-	175	(175)
Paid pension	(5,963)	(5,963)	$ -
At December 31	$ 48,851	$ 47,780	$ 1,071

2022

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 74,992	$ 71,773	$ 3,219
Current service cost	(89)	-	(89)
Interest expense (income)	525	502	23
	$ 75,428	$ 72,275	$ 3,153
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense) expense)	-	(496)	496
Experience adjustments	(1,465)	-	(1,465)
	(1,465)	(496)	(969)
Pension fund contribution	-	1,148	(1,148)
Paid pension	(19,365)	(19,365)	$ -
At December 31	$ 54,598	$ 53,562	$ 1,036

(d) The Fund of the Company's defined benefit pension plan is comprised of demand deposits that were used exclusively for specific purposes.

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

	Years ended December 31,	
	2023	2022
Discount rate	1.2%	1.2%
Future salary increases	1.0%	1.0%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.
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	($ 825)	$ 847	$ 871	($ 853)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 961)	$ 989	$ 1,003	($ 982)

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.
The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to $175.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 7 years.

B. Defined contribution plan

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

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were $33,911 and $28,529, of which $18,375 and $13,127 were capitalised as part of internally generated intangible assets, respectively.

(13) Share-based payment

A. For the year ended December 31, 2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Vesting conditions
Employee stock options	2023.1.18	46,728,000 shares	Note

Note: Employees who were granted the employee stock options starting from the date of grant and employees who will serve until September 30, 2025 can exercise their employee stock options in batches at the ratio of 72.15% and 27.85%, respectively.

B. Details of the share-based payment arrangements are as follows:

	2023	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -
Options granted	46,728	10
Options exercised	(33,714)	10
Options expired	(328)	10
Options outstanding at December 31	12,686	$ 10

C. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (%)	Expected option life	Risk-free interest rate	Fair value per unit
Employee stock options	January 18, 2023	$ 10.86	$ 10.00	32.00~ 34.04	0.08~ 2.78	0.87~ 1.08	0.9832~ 2.788

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

	Year ended December 31, 2023
Equity-settled	$ 45,023

(14) Share capital

A. The Company was incorporated by Hua-Chuang Automobile Information Technical Center Co., Ltd. ("Hua-Chuang") and Hon Hai Precision Ind. Co., Ltd. ("Hon Hai") jointly on November 6, 2020.

B. As of December 31, 2023, the Company's authorised capital was $25,000,000, consisting of 2,500,000 thousand shares of ordinary stock, and the paid-in capital was $17,413,140 with a par value of $10 (in dollars) per share. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023 Number of shares (in thousands)	2022 Number of shares (in thousands)
At January 1	$ 1,557,600	$ 1,557,600
Capital injection	150,000	-
Employee stock options exercised	33,714	-
At December 31	$ 1,741,314	$ 1,557,600

C. The Company issued 33,714 thousand ordinary shares relative to the exercise of employee share options in accordance with the employee share options plan with the subscription price of NT$10 (in dollars) per share, totaling $337,140. The effective date of the capital increase was on January 31, 2023. The registration of the capital increase had been completed on March 30, 2023.

D. On July 24, 2023, the Company's Board of Directors resolved to increase capital by issuing 150,000 thousand new shares to the public underwriting before listing on the Innovation Board. The capital increase had been approved by the Financial Supervisory Commission on September 6, 2023. The issued shares amounted to 150,000 thousand with a par value of NT$10 (in dollars) per share and the investment amount was $7,500,000. The registration of the capital increase had been completed on December 22, 2023.

(15) Capital surplus

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

	2023		
	Share premium	Employee stock options	Total
At January 1	$ -	$ -	$ -
Share-based payments	-	45,023	45,023
Employee stock options exercised	33,148	(33,148)	-
Capital injection	6,000,000	-	6,000,000
Reorganisation	8,759	-	8,759
At December 31	$ 6,041,907	$ 11,875	$ 6,053,782

(16) Accumulated deficit

A. 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 and special reserve as regulated by the competent authority. However, if the legal reserve has accumulated to an amount equal to the paid-in capital, this provision shall not apply. 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 comprise the cumulative distributable earnings, which shall be distributed to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders for approval.

Dividends and bonuses and all or part of capital surplus or legal reserve distributed in the form of cash regulated by Article 241 of the Company Act shall be authorised to be resolved by the Board of Directors with a majority vote at its meeting attended by two-thirds of the total number of directors and reported to the shareholders during their meeting and are not subject to the aforementioned regulations of resolutions from the shareholders.

When planning the Company's dividend distribution plan, the Company considers its profitability, capital requirements for future operating plan and changes in the industrial environment, taking into consideration the shareholder's long-term equity and the Company's long-term financial plan, at least 30% of the Company's distributable earnings for the year shall be appropriated as dividends in the form of cash or shares, and cash dividends shall account for at least 10% of the total dividends distributed.

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

C. For the information relating to employees' compensation and directors' and supervisors' remuneration, refer to Note 6(19).

D. The shareholders resolved the deficit compensation for 2022 and 2021 at their meeting on June 30, 2023 and June 15, 2022, respectively. The Company had no earnings for distribution because of the accumulated losses for both years.

(17) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2023	Taiwan	Southeast Asia	Total
At a point in time	$ 933,844	$ 50	$ 933,894
Over time	101,211	979	102,190
	$ 1,035,055	$ 1,029	$ 1,036,084

Year ended December 31, 2022	Taiwan	Southeast Asia	Total
At a point in time	$ 142,929	$ 63,998	$ 206,927
Over time	89,106	-	89,106
	$ 232,035	$ 63,998	$ 296,033

(a) The sales of electric bus are subject to variable consideration. For the years ended December 31, 2023 and 2022, the sales revenue of the aforementioned electric bus were $850,292 and $203,927, respectively, of which $250,667 and $57,549, respectively, represents the amount with variable consideration. Under the agreement, the aforementioned variable consideration was based on the maximum subsidy amount that can be fully obtained from the relevant units of the Ministry of Transportation and Communications and the portion that cannot be reached will be deducted from the payment. Based on the Company's assessment, it is highly probable that a significant reversal in the variable consideration will not occur. However, the payment will only be made after the customer obtains the government subsidy.

(b) As of December 31, 2023, the customer had not obtained the aforementioned subsidy of variable consideration, the supporting documents with added value rate of more than 50% had been prepared by the Company and were still in the review process by the competent authority. In accordance with the Company's submission experience and records in previous years, it is highly possible to obtain supporting documents with added value rate of more than 50%.

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2023		December 31, 2022	
Contract assets - current:				
Service contracts	$	1,115	$	167
Sales contracts		245,445		57,499
	$	246,560	$	57,666
Contract liabilities - current:				
Service contracts	$	-	($	25,135)
Sales contracts	(	13,345)		-
Contract liabilities - non-current:				
Sales contracts	(	129,315)	(	129,315)
	($	142,660)	($	154,450)

(a) Contract assets - service contracts pertain to services rendered but not yet billed; contract assets - sales contracts have variable consideration that is highly probable that a significant reversal will not occur; and contract liabilities represents advance sales receipts. Refer to Note 7 for the information on related parties.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the years ended December 31, 2023 and 2022 was $25,135 and $0, respectively.

(18) Expenses by nature

The additional disclosure information relating to operating costs and operating expenses is as follows:

	Years ended December 31,			
	2023		2022	
Employee benefit expense	$	528,927	$	543,801
Depreciation		361,594		280,158
Amortisation		852,917		510,702
	$	1,743,438	$	1,334,661

(19) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	$ 973,833	$ 839,603
Share-based payments	45,023	-
Labour and health insurance fees	70,733	56,091
Pension costs	33,932	28,463
Other personnel expenses	3,248	2,851
	$ 1,126,769	$ 927,008
The above items are grouped into the following:		
Operating costs and expenses	$ 528,927	$ 543,801
Internally generated intangible assets	597,842	383,207
	$ 1,126,769	$ 927,008

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall be 5% to 7%.

B. The Company did not accrue employees' compensation for the years ended December 31, 2023 and 2022 due to the accumulated deficit for both years.

C. Information about the appropriation of employees' compensation (bonus) and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Income tax

A. Income tax benefit

(a) Components of income tax benefit:

	Years ended December 31,	
	2023	2022
Deferred tax:		
Origination and reversal of temporary differences	($ 277,165)	($ 223,323)
Prior year income tax underestimation	11,463	-
Total deferred tax	($ 265,702)	($ 223,323)
Income tax benefit	($ 265,702)	($ 223,323)

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

	Years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	($ 38)	$ 194

B. Reconciliation between income tax benefit and accounting profit

	Years ended December 31,	
	2023	2022
Tax income calculated based on loss before tax and statutory tax rate	($ 438,581)	($ 316,073)
Expenses disallowed by tax regulation	161,416	92,750
Prior year income tax underestimation	11,463	-
Income tax benefit	($ 265,702)	($ 223,323)

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Employee benefits/welfare	$ 19,579	($ 6,526)	$ -	$ 13,053
Tax losses	454,468	590,793	-	1,045,261
Others	2,072	15,033	38	17,143
	$ 476,119	$ 599,300	$ 38	$ 1,075,457
Deferred tax liabilities:				
Temporary differences:				
Capitalisation of research and development expense	$ -	($ 333,598)	$ -	($ 333,598)
	$ 476,119	$ 265,702	$ 38	$ 741,859

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Employee benefits/welfare	$ 26,105	($ 6,526)	$ -	$ 19,579
Tax losses	216,311	238,157	-	454,468
Others	10,574	(8,308)	(194)	2,072
	$ 252,990	$ 223,323	($ 194)	$ 476,119

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

December 31, 2023

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	$ 2,364,299	$ 2,364,299	$ -	2033
2022	1,780,454	1,780,454	-	2032
2021	1,034,296	1,034,296	-	2031
2020	47,255	47,255	-	2030

December 31, 2022

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	$ 1,780,454	$ 1,780,454	$ -	2032
2021	1,034,296	1,034,296	-	2031
2020	47,255	47,255	-	2030

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

(21) Loss per share

	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 for the year	($ 1,927,201)	1,607,079	($ 1.20)

	Year ended December 31, 2022		
	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 for the year	($ 1,357,042)	1,557,600	($ 0.87)

The employee share options was not included in the calculation of diluted loss per share as it will have an anti-dilutive effect because of loss incurred for the year ended December 31, 2023.

(22) Supplemental cash flow information

A. Investing activities with partial cash payments:

	2023	2022
Purchase of property, plant and equipment	$ 478,107	$ 182,344
Add: Opening balance of payable on equipment	120,161	4,208
Less: Ending balance of payable on equipment	(60,023)	(120,161)
Cash paid during the year	$ 538,245	$ 66,391

B. Financing activities with no cash flow effects:

As described in Note 6(14), the shares issued amounting to $337,140 arose from the exercise of employee share options in 2023.

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Hon Hai Precision Ind. Co., Ltd. and its subsidiaries (Hon Hai Group)	Group that has control over the Company
Hon Hai Precision Ind. Co., Ltd. (Hon Hai)	Parent company of the Company
Jusda International Logistics (Taiwan) Co., Ltd. (Jusda)	Subsidiary of the group that has control over the Company
Scienbizip Consulting (Far East) Co., Ltd.	〃
Foxconn Global Network Corporation	〃
Futaihua Industrial (Shenzhen) Co., Ltd.	〃
Cloud Network Technology Singapore Pte. Ltd.	〃
FORTUNEBAY TECHNOLOGY PTE LTD.	〃
Yulon Motor Co., Ltd. and its subsidiaries (Yulon Group)	Group that has significant influence over the Company
Yulon Motor Co., Ltd. (Yulon Motor)	Entity that has significant influence over the Company
Hua-Chuang Automobile Information Technical Center Co., Ltd. (Hua-Chuang)	〃
Luxgen Motor Co., Ltd. (Luxgen)	Subsidiary of the group that has significant influence over the Company
Yueki Industrial Co., Ltd. (Yueki Industrial)	〃
Y-Teks Co., Ltd. (Y-Teks)	〃
Uni Auto Parts Manufacture Co., Ltd.	〃
Yue Sheng Industrial Co., Ltd. (Yue Sheng Industrial)	〃
Yufong Property Management Co., Ltd.	〃
Luxgen Taipei Motor Co., Ltd.	〃
Luxgen (Hangzhou) Motor Sales Co., Ltd. (Luxgen (Hangzhou))	〃
HsiangShou Enterprises Co., Ltd.	〃
Yes-Energy Service Co., Ltd.	〃
Mobile Drive Technology Co., Ltd. (Mobile Drive)	Associate of Hon Hai Group
Pan-International Industrial Corp. (Pan-International)	〃
Maxnerva Technology Service Inc. (Maxnerva)	〃
GENERAL INTERFACE SOLUTION LIMITED (GIS)	〃
PT FOXCONN INDIKA MOTOR	〃
Yonglin Foundation (Yonglin)	〃
Linker Vision Co., Ltd.	〃
PT. ENERGI MAKMUR BUANA	Note

Note: The Company's sales to PT FOXCONN INDIKA MOTOR (associate of Hon Hai Group) were made through PT. ENERGI MAKMUR BUANA.

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2023	2022
Sales of goods:		
Luxgen	$ 72,516	$ -
PT. ENERGI MAKMUR BUANA	-	53,331
Yulon Group	71	-
Associates of Hon Hai Group	29,970	-
Others	-	19,800
Sales of services:		
Luxgen	98,894	83,715
Hon Hai Group	37	-
Associates of Hon Hai Group	1,400	-
	$ 202,888	$ 156,846

(a) Services are sold based on the price lists in force and terms that would be available to third parties.

(b) Except for those circumstances wherein there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, other prices for the Company's sales and provision of services to the abovementioned related parties are similar to the prices for sales and provision of services to third parties.

(c) The abovementioned revenue from the services contracted but unfulfilled was $7,232 and $71,192 for the years ended December 31, 2023 and 2022, respectively.

(d) The abovementioned other sales of goods for the year ended December 31, 2022 pertains to the tripartite contract signed between Hon Hai Precision Ind. Co., Ltd., the Employee Welfare Committee of Hon Hai Precision Ind. Co., Ltd. and the Company to purchase the electric bus of the Company. In accordance with relevant laws and regulations, the vehicle license was registered under Hon Hai Precision Ind. Co., Ltd. and the payment was made by the Employee Welfare Committee of Hon Hai Precision Ind. Co., Ltd..

B. Purchases

	Years ended December 31,	
	2023	2022
Purchases of goods:		
Yulon Group	$ 53,609	$ 3,724
Hon Hai Group	36,398	2,870
Associates of Hon Hai Group	16,364	6,106
	$ 106,371	$ 12,700

Except for those circumstances wherein there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, the Company purchases other goods from the abovementioned related parties based on the current price and associates on normal commercial terms and conditions.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
Luxgen	$ 90,570	$ 868
Hon Hai Group	-	22
Yonglin	34,865	-
Less: Allowance for uncollectible accounts	(64)	-
	$ 125,371	$ 890

The receivables are due 30 to 60 days after monthly billings. The receivables are unsecured in nature and bear no interest.

D. Contract assets - service contracts

	December 31, 2023	December 31, 2022
Luxgen	$ 1,116	$ 167

E. Contract liabilities - service contracts

	December 31, 2023	December 31, 2022
Luxgen	$ -	$ 25,135

F. Payables to related parties

	December 31, 2023	December 31, 2022
Yulon Group	$ 56,174	$ 2,039
Hon Hai Group	22,856	-
Associates of Hon Hai Group	5,364	1,142
	$ 84,394	$ 3,181

The payables are due 30 to 90 days after the date of purchase or the date the service has been provided. The payables bear no interest.

G. Prepayments

	December 31, 2023	December 31, 2022
Yueki Industrial	$ 33,954	$ 32,370
Y-Teks	24,382	24,382
Yulon Group	36,133	-
Associates of Hon Hai Group	57	-
	$ 94,526	$ 56,752

H. Other payables

	December 31, 2023	December 31, 2022
Hua-Chuang	$ -	$ 113,468
Hon Hai Group	18,817	18,643
Yulon Group	52,544	5,768
Associates of Hon Hai Group	1,339	1,470
	$ 72,700	$ 139,349

Other payables mainly refer to payment on behalf of others, administration service fee, design and development fee and payable on equipment.

I. Lease transactions - lessee

(a) The Company leases offices from Hon Hai. Rental contracts are typically made for periods of 2 years. Rents are paid quarterly or annually.
(b) The acquisition of right-of-use assets from related parties for the year ended December 31, 2023 amounted to $207,159.
(c) The Company leased offices from Yulon Group for the years ended December 31, 2023 and 2022. Rental contracts were made for periods of 12 months or less.
(d) Rent expense

	Years ended December 31,	
	2023	2022
Yulon Motor	$ 45,229	$ 45,585
Yulon Group	517	1,290
	$ 45,746	$ 46,875

(e) Lease liabilities

	December 31, 2023
Hon Hai	$ 208,223

The Company's interest expense arising from lease liabilities for the year ended December 31, 2023 amounted to $1,064.

J. Other costs and expenses

	Years ended December 31, 2023	2022
Professional service fees		
- Yulon Motor	$ 74,251	$ 380
- Hua-Chuang	-	36,987
- Hon Hai Group	7,689	13,961
Other costs and expenses		
- Yulon Group	21,300	3,276
- Hon Hai Group	16,595	13,792
- Associates of Hon Hai Group	1,204	276
	$ 121,039	$ 68,672

K. Non-operating income

	2023	2022
Yulon Group	$ 8,496	$ 59

Non-operating income refers to the relocation subsidy that the Taoyuan City Government paid to Hua-Chuang because of the expropriation of aerotropolis. Hua-Chuang transferred the corresponding subsidy from the received relocation subsidy to the Company for the ownership of the equipment belonging to the Company.

L. Property transactions

(a) Acquisition of property and equipment

	2023	2022
Hua-Chuang	$ -	$ 70,336
Luxgen	116,710	-
Luxgen (Hangzhou)	116,582	-
Hon Hai Group	-	3,225
Yulon Group	49,124	5,846
Associates of Hon Hai Group	-	2,000
	$ 282,416	$ 81,407

(b) Acquisition of intangible assets

	2023	2022
Yulon Group	$ 17,283	$ 388
Hon Hai Group	-	168
Associates of Hon Hai Group	135	-
	$ 17,418	$ 556

(c) Acquisition of financial assets

	Year ended December 31, 2023		
	Accounts	Objects	Consideration
Futaihua Industrial (Shenzhen)	Investments accounted for using the equity method	Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.	$ 44,361

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Short-term employee benefits	$ 69,772	$ 39,940
Post-employment benefits	1,055	254
Share-based payments	11,875	-
	$ 82,702	$ 40,194

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Time deposits (shown as 'other non-current assets')	$ -	$ 7,000	Guarantee for customs duties

Refer to Note 9 for the details of performance guarantee of government grants.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contract Commitments

A. The Company participated in the subsidy plan of the Science and Technology Research and Development Project of the Ministry of Economic Affairs. The period of the plan was from December 1, 2020 to November 30, 2022. The Company shall pay a performance guarantee of $128,000 based on the contract as of December 31, 2022. The guarantee had been pledged by the joint performance guarantee letter issued by the bank. As of December 31, 2023 and 2022, the Company had applied for and received subsidy totaling $128,000. As of December 31, 2023, the Company completed the project and recognised the portion of the grant not exceeding actual expenditures of $3,551 as restricted deposits (shown as 'current financial assets at amortised cost').

B. The Company participated in the Industrial Upgrading Innovation Platform Guidance Program of the Ministry of Economic Affairs. The period of the program is from January 1, 2023 to June 30, 2025. The program was approved on May 18, 2023. The signing of the subsidy contract had been completed on September 22, 2023. The Company will receive subsidy of $269,474 based on the progress of execution.

As of December 31, 2023, the Company had applied for and received a subsidy of $180,000 and recognised gain on deferred government grants in the amount of $45,174 (shown as 'other current liabilities') and gain on government grants in the amount of $134,826 (shown as 'other income').

(2) Commitments

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 1,124,459	$ 466,196

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide maximum returns for shareholders and to reduce the gearing ratio and cost of capital positively.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 6,508,198	$ 4,553,538
Financial assets at amortised cost	3,048,725	3,547
Contract assets	246,560	57,666
Accounts receivable (including related parties)	252,707	915
Other receivables	26,592	10,370
Guarantee deposits paid	9,709	15,622
	$ 10,092,491	$ 4,641,658

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Contract liabilities	$ 142,660	$ 154,450
Accounts payable (including related parties)	635,426	130,846
Other payables	639,645	665,264
Guarantee deposits received	400	400
	$ 1,418,131	$ 950,960

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	382	30.71	$ 11,731	1%	$ 117
RMB:NTD	2,014	4.327	8,715	1%	87
Foreign operations					
RMB:NTD	9,221	4.327	39,898	1%	
Financial liabilities					
Monetary items					
USD:NTD	4,309	30.71	$ 132,329	1%	$ 1,323
RMB:NTD	111,783	4.327	483,685	1%	4,837

	December 31, 2022				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	4,106	30.71	$ 126,095	1%	$ 1,261
RMB:NTD	7,037	4.408	31,019	1%	310
Financial liabilities					
Monetary items					
USD:NTD	198	30.71	$ 6,081	1%	$ 61
RMB:NTD	14,142	4.408	62,338	1%	623

The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to $17,470 and ($128), respectively.

Price risk

There was no significant market risk of variation in price as the Company did not engage in investment target with price risk.

Cash flow and fair value interest rate risk

There was no cash flow risk of change in interest rate as the Company did not invest in interest rate products and had no borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations.

According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their 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 the Board of Directors. The utilisation of credit limits is regularly monitored.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to other financial instruments. The Company had no significant credit risk as its counterparties and performing parties were all banks with good credit quality and had no significant compliance concern.

ii. If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 360 days.

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

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

(ii) Default or delinquency in interest or principal repayments;

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

iv. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 251,295	$ 915
0 to 90 days	2,966	-
	$ 254,261	$ 915

The above ageing analysis was based on past due date.

v. The Company applies the following approaches to assess the expected credit losses (ECLs) of accounts receivable and contract assets:

(i) Assess the ECLs on an individual basis if a significant default has occurred to certain customers;

(ii) Classify the other customers' accounts receivable based on the Company's credit rating standards and estimates the ECLs using loss rate methodology or provision matrix;

(iii) Adjust the loss rates constructed from historical and recent information by taking into account the business cycle indicators of the National Development Council and forecasts of the Basel Committee on Banking Supervision.

(iv) The loss allowance for accounts receivable (including related parties) and contract assets using loss rate methodology or provision matrix on December 31, 2023 is as follows:

	Group 1	Group 2	Groups 3 and 4	Total
December 31, 2023				
Expected loss rate	0.0375%	0.0875%	0%~24.6%	
Total book value	$ 91,686	$ 402,780	$ 6,570	$ 501,036
Loss allowance	$ 34	$ 353	$ 1,382	$ 1,769

	Group 1	Group 2	Groups 3 and 4	Total
December 31, 2022				
Expected loss rate	0.0375%	0.0875%	0%~35.83%	
Total book value	$ 1,082	$ 57,549	$ -	$ 58,631
Loss allowance	$ -	$ 50	$ -	$ 50

Group 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Company's credit policies for those that have no external credit ratings.

Group 2: Standard Poor's or Fitch's rating of BBB, Moody's rating of Baa, or rated as B or C in accordance with the Company's credit policies for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch's rating of BB + and below, or Moody's rating of Ba1 and below.

Group 4: Rated as other than A, B, or C in accordance with the Company's credit policies for those that have no external credit ratings.

vi. Movements in loss allowance for accounts receivable (including related parties) and contract assets are as follows:

	2023	2022
At January 1	$ 50	$ -
Impairment loss	1,719	50
At December 31	$ 1,769	$ 50

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

ii. All of the Company’s non-derivative financial liabilities will mature within 1 year. In addition, the Company had no derivative financial liabilities. All the Company's non-current lease liabilities are expiring within the next five years.

(3) Fair value information

A. The Company had no financial and non-financial instruments measured at fair value as of December 31, 2023 and 2022.

B. The carrying amounts of the Company’s financial instruments not measured at fair value (cash and cash equivalents, financial assets at amortised cost, contract assets, accounts receivable, other current assets, other non-current assets, contract liabilities, accounts payable, other payables and other current liabilities) are approximate to their fair values.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

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

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 1.

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

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

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

None.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 2.

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 3.

14. Segment Information

(1) General information

The Company operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Information about segment profit or loss, assets and liabilities

The Company operates business only in a single industry. The Company’s information about segment profit or loss, assets and liabilities is in agreement with those shown in the financial statements. Refer to the balance sheets and statements of comprehensive income.

(3) Information on products and geographical information

Refer to Note 6(17) and the statement of operating revenue.

(4) Major customer information

Major customer information of the Company for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,	
	2023	2022
Company E	$ 264,284	$ -
Company F	180,096	-
Company C	21,024	120,129
Company A	171,410	83,715
Company D	-	63,998
	$ 636,814	$ 267,842

Foxtron vehicle technology Co., Ltd.

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

Year ended December 31, 2023

Expressed in thousands of NTD

Table 1 (Except as otherwise indicated)

				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
The Company	Luxgen Motor Co., Ltd.	Subsidiaries of the group with significant influence to the Company	Sales of goods and services	$ 171,410	17	30~45 days after monthly billings	Note 1	Note 1	$ 90,570	36	

Note 1: Except for the fact that there is no similar transaction to be complied with and the terms of the transaction were determined by mutual agreement, the other terms of the transaction are approximately the same as the transaction terms made with the third party.

Foxtron vehicle technology Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023: 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 income of investee as of December 31, 2023	Ownership held by (loss) recognised by the Company (direct or indirect)	Investment income for the year ended December 31, 2023 (Note 3)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
Foxtron Vehicle Technologies(Hangzhou) Co., Ltd.	Research and development of vehicles parts; manufacturing and wholesale of vehicles parts and accessories	$ 43,270	(1)	$ -	$ 44,361	$ -	$ 44,361	($ 7,551)	100	($ 12,081)	$ 39,898	$ -	Note 2 and 3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 5)	Investment amount approved Commission of the Ministry of Economic Affairs (MOEA) (Note 5)	Ceiling on investments in Mainland China imposed by the investment Commission of MOEA
Foxtron vehicle technology Co., Ltd.	$ 44,361	$ 43,270	$ 11,502,121

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to :

(1) Directly invest in a company in Mainland China..

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2:Foxtron Vehicle Technologies(Hangzhou) Co., Ltd. investment amount of RMB10,000,000 was approved by the Investment Commission of the Ministry of Economic Affairs (MOEA). The capital injection was completed on April 20, 2023.

Note 3: The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2023’ column was recognised based on the financial statements that are audited and attested by CPA.

Note 4: Limit on the Company's investment in Mainland China is 60% of the Company's net assets.

Note 5: The investment amount approved by the Investment Commission of Ministry of Economic Affairs (MOEA) and the investment amount transmitted from Taiwan to mainland China at the end of the year both amounted to RMB10,000,000, and the difference was due to the exchange rate.

Foxtron vehicle technology Co., Ltd.

Major shareholders information

December 31, 2023

Table 3

Major shareholders information	Shares: Number of shares held	Shares: Ownership (%)
Hon Hai Precision Ind. Co., Ltd.	794,400,000	45.62%
Hua-Chuang Automobile Information Technical Center Co., Ltd	763,200,000	43.83%

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 1

Items	Summary	Amount
Petty cash and cash on hand		$ 30
Cash in banks		
Demand deposits		
Foreign currency deposits		6,493,265
	RMB 2,014 thousand, exchange rate $4.33	8,715
	USD 70 thousand, exchange rate $30.71	2,145
	EUR 86 thousand, exchange rate $33.98	2,931
	JPY 5,120 thousand, exchange rate $0.22	1,112
		$ 6,508,198

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 2

Items	Amount: Cost	Amount: Net realisable value	Note
Materials	$ 210,983	$ 286,873	Net realisable value of raw materials is determined at replacement cost. Goods in progress and finished goods are evaluated based on their net realisable value.
Work in progress	60,867	71,080	
Finished goods	3,184	3,209	
Inventory in transit	338,418	338,418	
	613,452	$ 699,580	
Less: Allowance for valuation loss	(6,534)		
	$ 606,918		

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 3

Supplier Name	Description	Amount	Note
Accounts payable			
A company		$ 359,514	
B company		59,187	
C company		46,673	
Others		85,658	The balance of each supplier has not exceeded 5% of total account balance.
		551,032	
Accounts payable – related parties			
Yulon Motor Co., Ltd.		$ 54,762	
Others		29,632	The balance of each supplier has not exceeded 5% of total account balance.
		$ 635,426	

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 4

Items	Description	Amount	
Wages and salaries payable		$	308,473
Service fees payable	Mainly includes outsourced design service fees, management service fees, professional service fees, etc.		60,053
Payable on machinery and equipment			60,023
Material expenses payable			49,781
Taxes payable			39,414
Others			121,901
		$	639,645

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
STATEMENT OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 5

Items	Volume	Amount		Note
Sales of electric bus	103 buses	$	850,292	
Sales of electric vehicle	59 vehicles		72,516	
Service revenue			102,190	
Others			11,086	
		$	1,036,084	

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
STATEMENT OF OPERATING COST
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 6

Items		Total
Raw materials at beginning	$	173,946
Add: Material purchased during the year		1,254,243
Less: Raw materials at the end of year	(	549,401)
Materials used for the year		878,788
Manufacturing overhead		163,307
Used research and development expenses	(	229,257)
Manufacturing cost		812,838
Add: Beginning work in progress		93,090
Less: Ending work in progress	(	60,867)
Transferred from research and development expenses		7,499
Transferred from fixed assets		6,367
Cost of finished goods		858,927
Add: Beginning finished goods		7,280
Less: Ending finished goods	(	3,184)
Transferred into finished goods	(	25,711)
Total cost of sales		837,312
Cost of services		22,172
Warranty cost		10,568
Others		10,876
Add: Valuation loss on inventories		4,130
Total operating cost	$	885,058

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
STATEMENT OF SELLING EXPENSES
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 7

Items	Description	Amount	Note
Wages and salaries		$ 19,192	
Commission service fees		8,259	
Other expenses		5,301	The balance of each item has not exceeded 5% of total selling expenses.
		$ 32,752	

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
STATEMENT OF ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 8

Items	Description	Amount	Note
Wages and salaries		$ 224,510	
Rent expense		55,551	
Depreciation		32,320	
			The balance of each item has not exceeded 5% of total administrative expenses.
Other expenses		103,801	
		$ 416,182	

FOXTRON VEHICLE TECHNOLOGIES CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
YEAR ENDED DECEMBER 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 9

Items	Description	Amount	Note
Wages and salaries		$ 164,127	
Depreciation		327,006	
Amortisation		847,719	
Service fees		228,178	
Other expenses		502,810	The balance of each item has not exceeded 5% of total research and development expenses.
		$ 2,069,840	

.

	Year ended December 31, 2023				Year ended December 31, 2022			
	Classified as Operating Costs	Classified as Operating Expenses	Intangible assets generated internally within the Company	Total	Classified as Operating Costs	Classified as Operating Expenses	Intangible assets generated internally within the Company	Total
Employee benefit expense								
Wages and salaries	$ 22,172	$ 407,829	$ 543,832	$ 973,833	$ 33,621	$ 461,531	$ 344,451	$ 839,603
Labour and health insurance fees	-	35,098	35,635	70,733	-	30,462	25,629	56,091
Pension costs	-	15,557	18,375	33,932	-	15,336	13,127	28,463
Share-based payment	-	45,023	-	45,023	-	-	-	-
Other employee benefits expense	-	3,248	-	3,248	-	2,851	-	2,851
	$ 22,172	$ 506,755	$ 597,842	$ 1,126,769	$ 33,621	$ 510,180	$ 383,207	$ 927,008
Depreciation expense	$ -	$ 361,594	$ -	$ 361,594	$ -	$ 280,158	$ -	$ 280,158
Amortisation expense	$ 4,764	$ 848,153	$ -	$ 852,917	$ 790	$ 509,912	$ -	$ 510,702

Note:

A. For the years ended December 31, 2023 and 2022, the Company had 731 and 614 employees, including 5 and 7 non-employee directors, respectively.

B. Average employee benefit expense for the years ended December 31, 2023 and 2022 were $1,552 and $1,510, respectively.

C. Average employees' salaries for the years ended December 31, 2023 and 2022 were $1,341 and $1,367, respectively.

D. Adjustment of average employees' salaries was -1.9%.

E. The Company has no supervisors' remuneration for the years ended December 31, 2023 and 2022.

F. The Company’s remuneration policy (including directors, supervisors, managers and employees):

Directyors and managers:

(1) There is no provision for directors' remuneration in the Articles of Incorporation of the Company and no remuneration is paid to all directors.

(2) Managers’ remuneration includes fixed salary and variable salary (various types of bonuses). Salaries are determined by reference to the general pay levels in the same industry and items such as position title, grade level, educational background and professional skill.

Bonus is distributed based on the managers’ personal performance and the contribution to the Company.

Employees: Salaries are determined by reference to the general pay levels in the same industry, and bonuses are assessed based on the Company's overall operating performance, personal performance and the contribution to the Company.

6. Financial Difficulties Encountered by the Company and its Affiliates in the Most Recent Year and up to the Date the Annual Report was Printed: None.

VII. Review and Analysis of Financial Position and Financial Performance, and Risk Matters

1. Financial Status Comparison Analysis

Unit: Thousands NTD

Item \ Year	2022 (Entity)	2023 (Consolidated) Note	Differences	
			Amount	Percentage (%)
Current assets	5,414,649	11,130,605	5,715,956	105.56
Property, plant and equipment	1,002,653	1,167,477	164,824	16.44
Intangible assets	7,048,143	7,213,662	165,519	2.35
Other assets	713,172	1,732,950	1,019,778	142.99
Total assets	14,178,617	21,244,694	7,066,077	49.84
Current liabilities	838,674	1,458,676	620,002	73.93
Non-current liabilities	132,171	615,817	483,646	365.92
Total liabilities	970,845	2,074,493	1,103,648	113.68
Share capital	15,576,000	17,413,140	1,837,140	11.79
Capital surplus	—	6,053,782	6,053,782	100.00
Retained Earnings (Accumulated deficit)	(2,368,228)	(4,295,580)	(1,927,352)	81.38
Other equity	—	(1,141)	—	—
Non-controlling interests	—	—	—	—
Total Equity	13,207,772	19,170,201	5,962,429	45.14

1. Analysis of changes in increase and decrease ratios (when the changes between the two periods exceed twenty percent and the amount of change reaches ten million NTD)
   (1). Current assets: The increase in cash and cash equivalents and financial assets measured at amortized cost is due to the issuance of new shares through a cash capital increase in 2023.
   (2). Other assets: The increase in deferred income tax assets due to the recognition of tax losses resulting from increased losses in 2023, in accordance with IAS 12, and the increase in equipment, operating lease assets, and prepaid equipment payments required for operations.
   (3). Current liabilities: The increase in accounts payable is due to the preparation of materials for the production of electric bus for Model T and passenger vehicle product of Model C.
   (4). Non-current liabilities: The increase in deferred income tax liabilities due to the temporary differences arising from the capitalization of research and development expenses in 2023, and the increase in lease liabilities required for operations.
   (5). Capital surplus: Due to the issuance of new shares at a premium for cash capital increase in 2023.
   (6). Accumulated deficit: Net loss increasing in 2023.
2. Future response plan for those significantly affected: The above changes have no significant adverse impact on the Company, and the overall performance of the Company is not significantly abnormal, so there is no need to formulate a response plan.

Note: The Company acquired 100% equity of Honghua (Hangzhou) in April 2023 and began preparing consolidated financial statements for the year 2023.

2. Comparative Analysis of Financial Performance

Unit: Thousands NTD

Item \ Year	2022 (Entity)	2023 (Consolidated) Note	Differences	
			Amount	Percentage (%)
Revenue	296,033	1,043,992	747,959	252.66
Operating costs	206,475	886,894	680,419	329.54
Gross profit	89,558	157,098	67,540	75.41
Operating expenses	1,731,804	2,537,657	805,853	46.53
Operating loss	(1,642,246)	(2,380,559)	(738,313)	44.96
Non-operating revenue and expenses	61,881	187,885	126,004	203.62
Net income (loss) before tax	(1,580,365)	(2,192,674)	(612,309)	38.74
Income tax benefits	223,323	265,473	42,150	18.87
Net profit (loss) in current period	(1,357,042)	(1,927,201)	(570,159)	42.01
Other comprehensive income (loss) for the period (net of tax)	775	(1,292)	(2,067)	(266.71)
Total comprehensive (loss)income for the period	(1,356,267)	(1,928,493)	(572,226)	42.19

1. Analysis of changes in increase and decrease ratios (when the changes between the two periods exceed twenty percent and the amount of change reaches ten million NTD)
   (1). Revenue, Operating costs, Gross profit: Mainly due to the mass production and delivery of electric bus Model T and passenger vehicle Model C in 2023, and the different product mix sold in the two fiscal years, resulting in an increase in operating revenue, operating costs, and gross profit from operations compared to 2022.
   (2). Operating expenses: Mainly due to the gradual growth in operations in 2023, the company continues to recruit outstanding talents, resulting in an increase in personnel costs, as well as intangible assets generated from vehicle technology and internal development. After reaching the usable state, various amortization expenses are recognized, leading to an increase in operating expenses compared to 2022.
   (3). Non-operating revenue and expenses: The subsidy income participating in the Ministry of Economic Affairs' technology research and development project in 2023.
   (4). Operating loss, pre-tax net loss, current period net loss, total comprehensive income for the period: The increase in operating income in the fiscal year 2023 compared to 2022 is mainly due to the fact that the company is still in the business expansion stage, and the income is not sufficient to cover research and development and other operating expenses, resulting in an increase in pre-tax net loss, current period net loss, and total comprehensive income for the period compared to 2022.
2. Sales volume forecast and the basis for the forecast: Since the company has not prepared and announced financial forecasts, it is not applicable to expected sales quantities and basis.
3. Possible impacts on the Company's future financial performance and responsive actions to such impacts: The company's finances are still sound, mainly supported by long-term sources of funds or financing channels to support related expenses, and the above changes have no significant adverse effects on the company. Our overall performance is still not significantly abnormal, and there is no need to formulate response plans.

Note: The Company acquired 100% equity of Honghua (Hangzhou) in April 2023 and began preparing consolidated financial statements for the year 2023.

3. Cash Flow Analysis

(1). Financial Analysis for the Most Recent Two Years

Unit: Thousands NTD

Account Item \ Year	2022	2023	Increase (Decrease) Variations	
			Amount	Percentage (%)
Cash flows from (used in) operating activities	(760,603)	(669,548)	91,055	(11.97)
Cash flows from (used in) investing activities	(948,401)	(4,827,835)	(3,879,434)	409.05
Cash flows from (used in) financing activities	400	7,497,651	7,497,251	1,874,312.75

Main reasons for changes in cash flows for the most recent year:
(1) Investing activities: Mainly due to the addition of intangible assets related to vehicle technology costs in 2023 and the financial assets measured at amortized cost acquired.
(2) Financing activities: The main increase in capital before listing in 2023 is expected to increase cash flow from financing activities in 2023 compared to 2022.

(2). Improvement plan for insufficient liquidity:

If the company does not have enough cash, it mainly copes with bank financing and capital market financing.

(3). Cash flow analysis for the coming year

Unit: Thousands NTD

Cash balance at the beginning ①	Expected net cash flows from operating activities for the year ②	Expected net cash flows from investing activities for the year ③	Expected net cash flows from financing activities for the year ④	End of year cash amount ①+②+③+④	Remedy for expected cash shortfall	
					Financing Plan	Investment Plan
6,553,115	1,513,134	(6,057,935)	—	2,008,314	—	—

Analysis of deviation in cash flow for the year 2024:
1. Operating Activity: It is expected to generate net cash inflows from the sales and procurement of electric vehicles and electric buses, as well as the continued investment in operating-related personnel costs and research and development expenses.
2. Investing activities: It is expected to generate net cash outflows due to expenditures on the purchase of vehicle development molds, laboratory equipment, and the construction of an electric bus factory.
3. Financing activities: None.

4. Impact of Major Capital Expenditures in the Most Recent Year on Finance

The Company's significant capital expenditures in 2023 mainly involved acquiring fixed assets and intangible assets totaling NT$ 1,499,602 thousand. This was due to the operational development needs, capitalization of expenses related to the research and development of electric buses and electric vehicles. The aforementioned expense investments will contribute to the Company's research, design, mass production, and sales of electric vehicles and electric buses, thus having a positive impact on the Company's finances and operations.

5. Policies on Investment In Other Companies, Main Reasons for Their Profit or Loss and Improvement Plans in the Most Recent Year, and Investment Plans for The Coming Year:

(1). Re-investment policy in recent years:

The company injected 100% equity into Foxtron Vehicle Technologies (Hangzhou) Co., Ltd. on April 20, 2023, positioning it for procurement and quality management nearby.

(2). Policies on investment in other companies, main reasons for their profit or loss and improvement plans in the most recent year, and investment plans for the coming year

In the recent year, the investment policy has been evaluated prudently from a long-term strategic perspective to respond to future market demands and enhance competitiveness. Foxtron Vehicle Technologies (Hangzhou) Co., Ltd. suffered a loss in the last fiscal year due to the fact that various businesses have not yet been launched, and certain pre-operating expenses need to be paid. The Company will continue to develop its business and integrate its subsidiaries to expedite the reduction of losses in subsidiaries and achieve the profit target.

6. Risk Matters Assessment

(1). The impact of changes in interest rates, exchange rates and inflation on the Company's profit and loss and future response measures

1. The impact of interest rate fluctuations and responsive measures for such impact
   The Company currently uses its lines of credit arranged with banks for short-terms financing covering the needs such as material purchases, import and export credits, and short-term revolving loans. To avoid the impact of interest rate fluctuations on the Company's funding costs, the Company maintains a good relationship with its banks to obtain favorable interest rates. In the future, the Company will continue to monitor the trend of interest rate fluctuations while maintaining a certain level of return to minimize the impacts of interest rate fluctuation.

2. The impact of exchange rate fluctuations and responsive measures for such impact
   The impacts of foreign exchange volatility on the Company's foreign exchange gains and losses arise from the purchase transactions used in various functional currency, primarily with respect to the RMB and USD, as well as sales transactions with respect to USD. Taking into account the relevant information and future trends in the exchange rate market, if the New Taiwan Dollar shows an upward trend, the Company will pre-purchase applicable foreign currencies as a basis for adjusting its foreign currency accounts, proactively responding to the impact of exchange rate fluctuations. In addition, the Company maintains

close contact with the foreign exchange departments at various banks, constantly monitoring changes in the foreign exchange market. This allows its relevant managers and personnel to make timely adjustments to exchange rate fluctuations, while serving as a basis for price negotiation for purchasing personnel to reduce the risk of exchange rate fluctuations.

3. The impact of inflation and responsive measures for such impact

The company constantly monitors the prices for raw materials across a range of commodity markets, maintains good relationships with its suppliers and customers, and controls the Company’s cost structures to respond to changes in the market environment, thereby reducing the impact of inflation on the Company’s operational profitability.

(2). The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsements, guarantees and derivatives trading, the main reasons for profit or loss, and future response measures

The Company did not engage in any high-risk/highly leveraged investments, derivatives trading, endorsements and guarantees for other parties, or lending to other parties in the most recent year and as of the publication date of the annual report. The Company has developed the “Procedures for acquiring or disposing of assets “, the “Endorsement guarantee operation procedures “, the “Fund lending and others' operating procedures”, and the “Engage in derivative commodity transaction processing procedures”, which were approved upon the resolution at a shareholders’ meeting. All future transactions and their management will be conducted in accordance with applicable requirements and procedures.

(3). Future R&D plans and expected R&D expenses

1. Future R&D plans

Item	Our future development
Vertical integration	The company has a foundation and advantage in the traditional automotive and ICT industries. Under the development framework of the new generation EV open platform, we promote vertical integration of software and hardware for critical components. (1) Hardware: Taking the advanced EEA architecture as an example, execute component controls to achieve energy saving and cost reduction. Implement software-defined vehicles through software and hardware separation, and introduce them in the production of Model C Production vehicle. Simultaneously develop advanced architectures for ADAS and IVI, master key technologies, and apply them to autonomous driving and sharing. (2) Software: Motion Control Platform: Integrating control vehicle dynamic units such as brakes, power, and steering at the application layer not only enhances the driving experience for customers but also enables vertical

Item	Our future development
	integration of key technologies and reduces development resources through an abstracted framework. Thermal Control Module: Developing a thermal management system is an important part of energy-saving technology for electric vehicles. By applying heat pump technology, waste heat from the battery and motor is recovered to improve energy efficiency. Combining this with an Active grille system, the aerodynamic coefficient is actively optimized based on different driving conditions, achieving the goal of increasing driving range and energy savings.
Platform application	The whole vehicle EV open platform and advanced EEA architecture platform are developed with modular, shared, flexible, and customized platforms, which are continuously used in product design. They can achieve software and hardware separation and the application development of software-defined cars.
Customized development	Master the development trend of styling, strengthen the development of user experience, optimize global customer service through commissioned design and manufacturing, and shorten development time through vertical integration, modularization, and sharing.
Key component development	In addition to mastering the advanced EEA framework for independent core development, we will also develop in sync with our partners in batteries, electrical engineering, and other key components. By utilizing the modular and shared architecture of the EV open platform, we aim to achieve the design and development of electric vehicles as a whole, enabling rapid realization of independent design concepts, testing, verification, and other developments.

2. Estimated R&D expenses

   The Company plans to invest approximately NT$ 6.59 billion in R&D expenses for 2024. This budget will be gradually allocated based on the development of new products and technologies, and will be adjusted according to its operational conditions to maintain a certain level of growth, ensuring the Company's competitive advantage.

(4). The impact of important domestic and foreign policies and legal changes on the Company's financial business and response measures

The Company's operations are conducted in accordance with relevant domestic and international laws and regulations. We constantly monitor trends in important policy developments and regulatory changes both domestically and internationally, providing insights for the decision-making in the top management. We also promptly respond to changes in the market environment and implement appropriate strategies accordingly. There was no impact on the Company's financial performance resulted from major changes in domestic and foreign government policies and regulatory environment in the most recent year and as of the publication date of the annual report.

(5). The impact of technological changes (including information security risks) and industry changes on the Company’s financial business and response measures

The Company constantly monitors market trends and relevant technological developments in its industry to swiftly grasp industry dynamics. We consistently enhance our research and development capabilities and evaluate their impact on company operations. We will continue to develop new technologies and products in the future. Furthermore, the Company has established an information security policy and conducts regular information security risk assessments and audit cycles to ensure the effectiveness of its information and management systems, as well as compliance with laws and regulations. There was no major impact on the Company’s financial performance resulted from changes in technology, information security, and industry in the most recent year and as of the publication date of the annual report.

(6). The impact of corporate image change on corporate crisis management and response measures

The Company is committed to focusing on its core business operations and development, adhering to principles of integrity and professional management in a persistent manner. We continuously strengthen our internal management and enhance quality management capabilities. Since its establishment, the Company has not encountered any incidents that would affect its corporate image. Additionally, the Company will comply with and implement all applicable requirements for corporate governance. There was no change in the Company’s corporate image as of the publication date of the annual report.

(7). Expected benefits, possible risks and response measures for conducting M&A

There was no business merger/acquisition involved with the Company in the most recent year and as of the publication date of the annual report.

(8). Expected benefits, possible risks and response measures for the expansion of the plant

In order to provide customers with more timely and relevant services, the company will expand the factory as needed to meet requirement, so the risk remains limited.

(9). Risks on vendor and customer concentration and response measures

1. Purchase concentration

   The Company is primarily engaged in the technical development of electric vehicles, vehicle assembly, and manufacturing management and sales of vehicle components. Once a product design is completed, raw materials for the electric vehicle are procured from suppliers. The assembly of the vehicle is then outsourced to a contract manufacturer. Due to the complexity of electric vehicle design and manufacturing processes, key considerations for our suppliers include their process technology, product yield, cost, production capacity, delivery lead time, and past performance. Also, battery modules typically account for 30% to 40% of the total cost of an electric vehicle, making them the most expensive and critical component in electric vehicles. In the consideration of these factors above, the Company takes the reasonable approach by concentrating its procurement of battery modules from the world's major suppliers with leading technology while maintaining good relationships with these suppliers to ensures that its products maintain competitive advantages in terms of quality, performance, and pricing. In the future, the Company will continue to explore collaboration opportunities with other battery module suppliers in order to mitigate the concentration risk associated with suppliers.

2. Sales concentration

   As the Company operates under a startup business model and is in the early stage of its business expansion, also the automotive industry has a longer product development cycle (from development to market launch) compared to typical consumer products, the Company was exposed to significant customer concentration with a single customer accounting for more than 25% of total sales in 2023. The Company will continue to develop new technologies and products to meet the diverse needs of its customers. We aim to gradually expand into other customer markets and new regions. Following the mass production and sales of new products, it is expected that the risk of customer concentration will be reduced through market diversification with the needs of different customers being met.

(10). The impact of substantial transfer or replacement of shareholdings of directors, supervisors or major shareholders holding more than 10% of shares on the Company, its risks and response measures

There was no transfer of significant numbers of shares by or change in any of Company's directors, supervisors, and/or shareholders holding more than 10% of outstanding shares on the Company in the most recent year and as of the publication date of the annual report.

(11). The impact of the change of management rights on the Company, its risks and response measures

There was no change of control on the Company in the most recent year and as of the publication date of the annual report.

(12). Litigious or non-litigious disputes

1. Material litigation, non-litigious proceeding, or administrative dispute involving the Company: None.
2. Any material litigation, non-litigious proceeding, or administrative dispute involving any of the Company's directors, CEO, de facto responsible person, major shareholders with a stake of more than 10 percent, or affiliates:

   A lawsuit was filed against the Company's one of major shareholders with a stake of more than 10 percent, Hua-Chuang Automobile Information Technical Center Co., Ltd. (Haitec), by one of its shareholders for the invalidation of a resolution of a shareholder's meeting and board meeting. After consulting with relevant personnel from the Yulon Group and seeking advices from Attorney Lin Ji-Heng at Lin and Partners, Haitec contended that there was no conflict of interest in the resolution of the board and shareholders' meeting that would harm the interests of the company. Therefore, there was no need for recusal. However, to ensure the full validity of the resolution described above and the effectiveness of contract performance, Haitec has taken steps to reinforce the rights associated with the relevant contract or contract performance by endorsing the resolution in question at another board meeting. The lawsuit was resolved through mediation established on January 22, 2024, with the shareholder agreeing to cease further dispute over the validity of the resolution of the Haitec shareholders' meeting and board meeting. The litigation concluded without significant impact on the company's business, finances, and shareholders' rights.

(13). Other important risks and response measures

There was no other important risk as of the publication date of the annual report.

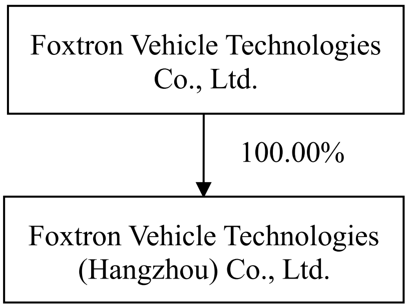
7. Other Important Matters: None.

VIII. Special Disclosure

1. Information on Affiliates

(1). Affiliate Consolidated Business Report

1. Organizational chart for the affiliate (Date: December 31, 2023)



2. Basic information of each affiliate

December 31, 2023

Business name	Founding Date	Address	Paid-in Capital	Main business
Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.	2021/08	Rm. 220-95, Comprehensive Office Building, No. 222, Lumeng Rd., Qianjin Township, Qiantang New District, Hangzhou City, China	10,000 thousand CNY	Engaged in the research and development of automotive components; business of manufacturing and wholesaling automotive components and accessories

3. Shareholder in common between the entities that are deemed to have a controlling and controlled relationship: None.

4. The industries in which the business activities of the affiliate are engaged: For details, please refer to 2. Basic information of each affiliate.

5. Information on directors, supervisors and general manager of each affiliate

December 31, 2023

Business name	Position	Name or Representative	Shareholding	
			Shares	Shareholding ratio
Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.	Representative	Representative of Foxtron Vehicle Technologies Co., Ltd.: Chen, Ching-Ya	Note	100%

Note: The limited company does not issue shares

6. Operation Status of Affiliates

December 31, 2023

Unit: thousand dollars, unless otherwise specified

Business name	Currency	Total assets	Total liabilities	Net Value	Revenue	Operating income	Income (loss) for the period (after tax)	Earnings Per Share
Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.	CNY	10,704	1,483	9,221	3,592	(1,895)	(1,720)	Not applicable

(2). Consolidated Financial Statements of Affiliates

We hereby declare that the entities that should be included in the consolidated financial statements of affiliated companies for the year 2023 (from January 1, 2023 to December 31, 2023), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those that should be included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standards No. 10, and the information required to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the above disclosed consolidated financial statements of parent and subsidiary companies. Consequently, we do not prepare separate consolidated financial statements of affiliated companies. Please refer to pages 137~190 of this annual report for the consolidated financial statements.

(3). Affiliation Report: None.

2. Private Placement of Securities in the Most Recent Year and up to the Publication of the Annual Report: None.

3. Holding or Disposal of the Company's Shares by Subsidiaries in the Most Recent Year and up to the Publication of the Annual Report: None.

4. Other Matters Requiring Supplementary Information: None.

IX. Matters that Have a Significant Impact on Shareholders' Equity or Securities Prices

Matters with important impacts on shareholders' equity or prices of securities as indicated in Article 36 Paragraph 2 Subparagraph 2 of the Act over the past year and up to the date the Annual Report was printed: None.

Foxtron Vehicle Technologies Co., Ltd.

Chairman Liu, Young-Way

FOXTRON