

HO TAI MOTOR COMPANY LIMITED
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020

For the convenience of readers and for information purposes 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 and the Chinese version or any differences in interpretation between the two versions, the original Chinese version shall prevail.

HO TAI MOTOR CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020
CONTENTS

Items	Page
1. Cover	1
2. Contents	2~3
3. Independent auditors' report	4~10
4. Parent company only balance sheets	11~12
5. Parent company only statements of comprehensive income	13
6. Parent company only statements of changes in equity	14
7. Parent company only statements of cash flows	15
8. Notes to the parent company only financial statements	16~61
(1) History and organization	16
(2) The date of authorization for issuance of the financial statements and procedures for authorization	16
(3) Application of new standards, amendments and interpretations	16~17
(4) Summary of significant accounting policies	17~25
(5) Critical accounting judgements, estimates and key sources of assumption uncertainty	25~26
(6) Details of significant accounts	26~43
(7) Related party transactions	44~50
(8) Pledged assets	50
(9) Significant contingent liabilities and unrecognized contract commitments	50~51
(10) Significant disaster loss	51
(11) Significant events after the balance sheet date	51
(12) Others	51~60
(13) Supplementary disclosures	60~61
(14) Segment information	61

<u>Items</u>	<u>Page</u>
9. Contents of statement of major accounting items	
Statement of cash and cash equivalents	Statement 1
Statement of inventories	Statement 2
Statement of changes in investments accounted for using equity method	Statement 3
Statement of changes in property, plant and equipment-cost	Statement 4
Statement of changes in property, plant and equipment-accumulated depreciation	Statement 5
Statement of changes in investment property-cost	Statement 6
Statement of changes in investment property-accumulated depreciation	Statement 7
Statement of short-term loans	Statement 8
Statement of operating revenue	Statement 9
Statement of operating costs	Statement 10
Statement of selling expenses	Statement 11
Statement of general and administrative expenses	Statement 12
Summary of employee benefits expenses, depreciation and amortization by function	Statement 13

INDEPENDENT AUDITORS' REPORT
(TRANSLATED FROM CHINESE)

PWCR21004157

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

Opinion

We have audited the accompanying parent company only balance sheets of Ho Tai Motor Co., Ltd. (the “Company”) as of December 31, 2021 and 2020, 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 significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to “*other matter*” section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2021 and 2020, and its parent company only 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in 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 Accountants 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 and the reports of other auditors are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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.

The key audit matters of the parent company only financial reports are stated as follows:

Evaluation of provision for impairment of accounts receivable of Hotai Finance Co., Ltd., an investment accounted for using equity method

Description

Hotai Finance Co., Ltd. (“Hotai Finance”) is an investment by Ho Tai Motor Co., Ltd. accounted for using equity method. Its primary business is providing installment sales and leasing of vehicles. In the supply chain of motor vehicles, the role of Hotai Finance is to provide customers with flexible financing options and to streamline the vehicle delivery process. Therefore, Hotai Finance is responsible for the collections of accounts receivable and manages overdue accounts.

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

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

How our audit addressed the matter

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

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

2. For those accounts past due over 30 days, Hotai Finance will estimate and recognize the impairment of account receivable based on the probability of overdue accounts becoming impaired over the past years and based on Hotai Finance's policy. In order to evaluate the reasonableness of the provision for impairment policy, we understood and assessed the occurrence percentage of actual impairment losses compared to the overdue accounts receivable over the past years, and other forward-looking information. In addition, we sampled and examined the expected credit losses report, and checked system information to ensure the consistency.
3. Sampled and examined the supporting documents of individual evaluation made by the management to evaluate the reasonableness of the expected credit loss recognized.

Valuation of the provisions for warranty

Description

Please refer to Note 4(23) of the parent company only financial statements for the accounting policies on provisions for warranty, Note 5(2) B for uncertainty of accounting estimates and assumptions of provisions for warranty, and Note 6(15) for details of the provisions for warranty.

In order to enhance customer's confidence on product quality, Ho Tai Motor Co., Ltd. provides a warranty for cars being sold in the fourth year or with mileage under 120,000 kilometers. Since the provisions for warranty involves massive historical data as well as complex calculations in respect of maintenance and repair experience, it is identified as a key audit matter.

How our audit addressed the matter

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

1. In terms of the agent brands, obtained the car sold information in the last four years that met the warranty items offered by Ho Tai Motor Co., Ltd., such as cars being used in the fourth year or with mileage under 120,000 kilometers and cars' maintenance details as well as registration forms. Sampled and tested each car's warranty cost on maintenance records.
2. Reviewed the system information in respect of total cars sold in the last four years which qualify for the warranty scheme mentioned above. Evaluated the reasonableness of provision for warranty by considering the average warranty cost claimed from each agent brand.

Claims reserve and ceded claims reserve of Hotai Insurance Co., Ltd., an investment accounted for using equity method

Description

The claims reserve (including ceded claims) of Hotai Insurance Co., Ltd. (“Hotai Insurance”), an investment by Ho Tai Motor Co., Ltd. accounted for using equity method, is the reasonable amount of ultimate claims prior and after reinsurance based on the actuarial department’s historical claims development trend and experience.

Since the calculation method and assumptions selection of claims reserve (including those ceded) involve subjective judgement and relatively high degree of uncertainty, and the estimation results have a material impact on the financial statements, we have thus included claims reserve and ceded claims reserve as a key audit matter in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the key audit matter mentioned above are summarized as follows:

1. Understood and assessed Hotai Insurance’s policies, internal control, and operational procedures related to claims reserve (including those ceded). Sampled and inspected the effectiveness of controls related to claims reserve calculation.
2. Sampled and examined the consistency of financial values used in calculating claims reserve with the recorded amounts in the books in order to confirm the accuracy and completeness.
3. Used the work of actuarial expert to assists us in assessing the reasonableness of the claims reserve (including those prior to and after reinsurance). This included the following procedures:
 - (1) Examined the reasonableness of the assessment method for the reserves;
 - (2) Examined the reasonableness of the assumptions used by Hotai Insurance;
 - (3) Recalculated each assumption adopted by Hotai Insurance for incurred but not reported claims reserve in order to confirm the accuracy of the allowances for the reserves.
4. Examined those significant incurred but not paid cases on a sample basis and assessed the reasonableness of the estimated claims amount.

Other matter – Reference to the reports of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these investees, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$ 6,351,398 thousand and NT\$ 6,215,314 thousand, constituting 6.72% and 7.42% of the total assets as at December 31, 2021 and 2020, respectively, and the comprehensive income amounted to NT\$ 442,368 thousand and NT\$ 444,268 thousand, constituting 2.52% and 3.06% of the total comprehensive income for the years then ended, respectively.

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards in 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 financial reporting users.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore, considered to be 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.

Yu-Lung, Wu

Fang-Yu, Wang

For and on behalf of PricewaterhouseCoopers, Taiwan
March 24, 2022

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 management, PricewaterhouseCoopers, Taiwan 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.

HO TAI MOTOR CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 9,128,578	10	\$ 4,079,705	5
1110	Financial assets at fair value through profit or loss – current	6(2)	406,717	-	121,132	-
1150	Notes receivable, net	6(4)	2,673	-	194	-
1170	Accounts receivable, net	6(4)	168,358	-	35,196	-
1180	Accounts receivable – related parties, net	6(4) and 7	1,852,563	2	875,481	1
1200	Other receivables	7	756,354	1	775,166	1
130X	Inventories, net	6(5)	4,390,888	5	6,892,711	8
1410	Prepayments		302,997	-	535,843	1
11XX	Total current assets		<u>17,009,128</u>	<u>18</u>	<u>13,315,428</u>	<u>16</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss-non-current	6(2)	500,000	-	500,000	1
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	9,258,889	10	8,050,052	10
1550	Investments accounted for using equity method	6(6)	60,638,879	64	54,766,276	65
1600	Property, plant and equipment	6(7)	3,442,868	4	3,655,402	4
1755	Right-of-use assets, net	6(8)	13,045	-	1,461	-
1760	Investment property, net	6(10)	2,598,600	3	2,451,228	3
1780	Intangible assets		23,800	-	-	-
1840	Deferred income tax assets	6(25)	613,892	1	522,187	1
1900	Other non-current assets		466,723	-	457,740	-
15XX	Total non-current assets		<u>77,556,696</u>	<u>82</u>	<u>70,404,346</u>	<u>84</u>
1XXX	Total Assets		<u>\$ 94,565,824</u>	<u>100</u>	<u>\$ 83,719,774</u>	<u>100</u>

(Continued)

HO TAI MOTOR CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current Liabilities						
2100	Short-term loans	6(11)	\$ 3,144,963	3	\$ 1,204,156	1
2120	Financial liabilities at fair value through profit or loss-current	6(2)	27,722	-	62,172	-
2150	Notes payable		7,459	-	-	-
2170	Accounts payable	6(12)	2,356,306	3	3,018,477	4
2180	Accounts payable – related parties	6(12) and 7	4,761,908	5	5,378,676	6
2200	Other payables	6(13) and 7	2,837,624	3	2,682,059	3
2230	Current income tax liabilities		2,298,457	2	1,293,129	2
2250	Provisions-current	6(15)	758,278	1	747,058	1
2280	Current lease liabilities		5,782	-	1,472	-
2300	Other current liabilities		75,798	-	103,887	-
21XX	Total current liabilities		<u>16,274,297</u>	<u>17</u>	<u>14,491,086</u>	<u>17</u>
Non-current liabilities						
2550	Provisions-non-current	6(15)	2,763,806	3	2,271,345	3
2570	Deferred income tax liabilities	6(25)	1,748,735	2	1,478,821	2
2580	Non-current lease liabilities		7,317	-	-	-
2600	Other non-current liabilities		818	-	818	-
25XX	Total non-current liabilities		<u>4,520,676</u>	<u>5</u>	<u>3,750,984</u>	<u>5</u>
2XXX	Total liabilities		<u>20,794,973</u>	<u>22</u>	<u>18,242,070</u>	<u>22</u>
Equity						
Share capital						
3110	Common stock	6(16)	5,461,792	6	5,461,792	7
Capital surplus						
3200	Capital surplus	6(17)	2,807,477	3	2,818,336	3
Retained earnings						
3310	Legal reserve	6(18)	13,925,963	15	12,544,333	15
3320	Special reserve		381,843	-	381,843	-
3350	Unappropriated earnings		47,944,833	51	42,338,324	51
Other equity						
3400	Other equity		3,248,943	3	1,933,076	2
3XXX	Total equity		<u>73,770,851</u>	<u>78</u>	<u>65,477,704</u>	<u>78</u>
Significant contingent liabilities and unrecognized contract commitments		9				
Significant events after balance sheet date		11				
3X2X	Total liabilities and equity		<u>\$ 94,565,824</u>	<u>100</u>	<u>\$ 83,719,774</u>	<u>100</u>

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

HO TAI MOTOR CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	2021		2020	
		Amount	%	Amount	%
4000 Operating revenue	6(19) and 7	\$ 138,872,240	100	\$ 136,052,443	100
5000 Operating costs	6(5) and 7	(126,116,513)	(91)	(124,039,117)	(91)
5900 Gross profit before realized (unrealized) profit from sales to subsidiaries and associates		12,755,727	9	12,013,326	9
5910 Unrealized profit from sales		(178,613)	-	(136,549)	-
5920 Realized profit from sales		136,549	-	219,755	-
5950 Gross profit		<u>12,713,663</u>	<u>9</u>	<u>12,096,532</u>	<u>9</u>
Operating expenses	6(23) and 7				
6100 Selling expenses		(2,119,205)	(2)	(2,117,462)	(2)
6200 General and administrative expenses		(2,048,641)	(1)	(1,751,042)	(1)
6000 Total operating expenses		(4,167,846)	(3)	(3,868,504)	(3)
6900 Operating profit		<u>8,545,817</u>	<u>6</u>	<u>8,228,028</u>	<u>6</u>
Non-operating income and expenses					
7100 Interest income	6(20) and 7	56,391	-	65,925	-
7010 Other income	6(21) and 7	1,276,264	1	1,126,579	1
7020 Other gains and losses	6(22)	565,683	1	533,867	-
7050 Finance costs		(21,016)	-	(23,036)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	8,286,264	6	6,270,255	5
7000 Total non-operating income and expenses		<u>10,163,586</u>	<u>8</u>	<u>7,973,590</u>	<u>6</u>
7900 Profit before income tax		<u>18,709,403</u>	<u>14</u>	<u>16,201,618</u>	<u>12</u>
7950 Income tax expense	6(25)	(2,498,645)	(2)	(2,352,748)	(2)
8200 Profit for the year		<u>\$ 16,210,758</u>	<u>12</u>	<u>\$ 13,848,870</u>	<u>10</u>
Other comprehensive income (loss) for the year, net of tax					
Components of other comprehensive income (loss) that may not be reclassified to profit or loss					
8316 Unrealized gain from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 1,208,837	1	\$ 245,498	-
8330 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method		73,769	-	(20,933)	-
8310 Total components of other comprehensive income (loss) that may not be reclassified to profit or loss		<u>1,282,606</u>	<u>1</u>	<u>224,565</u>	<u>-</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statement translation differences of foreign operations		(45,735)	-	148,330	-
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		141,423	-	314,410	1
8360 Total components of other comprehensive income that will be reclassified to profit or loss		<u>95,688</u>	<u>-</u>	<u>462,740</u>	<u>1</u>
8300 Other comprehensive income for the year, net of tax		<u>\$ 1,378,294</u>	<u>1</u>	<u>\$ 687,305</u>	<u>1</u>
8500 Total comprehensive income for the year		<u>\$ 17,589,052</u>	<u>13</u>	<u>\$ 14,536,175</u>	<u>11</u>
Earnings per share (in dollars)					
9750 Basic earnings per share	6(26)	\$ 29.68		\$ 25.36	
9850 Diluted earnings per share	6(26)	\$ 29.66		\$ 25.34	

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

HO TAI MOTOR CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan Dollars)

	Notes	Retained earnings					Other equity			Total equity
		Share capital-common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Financial statement translation differences of foreign operations	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	Gain (loss) on hedging instruments	
<u>For the year ended December 31, 2020</u>										
Balance at January 1, 2020		\$ 5,461,792	\$ 2,816,734	\$ 11,350,835	\$ 381,843	\$ 37,362,029	(\$ 687,128)	\$ 1,893,463	\$ 6,868	\$ 58,586,436
Profit for the year		-	-	-	-	13,848,870	-	-	-	13,848,870
Other comprehensive income (loss) for the year		-	-	-	-	(32,568)	190,842	525,522	3,509	687,305
Total comprehensive income		-	-	-	-	13,816,302	190,842	525,522	3,509	14,536,175
Appropriation and distribution of retained earnings:	6(18)									
Legal reserve		-	-	1,193,498	-	(1,193,498)	-	-	-	-
Cash dividends		-	-	-	-	(7,646,509)	-	-	-	(7,646,509)
Changes in equity of associates and joint ventures accounted for using equity method		-	(1,056)	-	-	-	-	-	-	(1,056)
Changes in ownership interests in subsidiaries	6(6)	-	2,658	-	-	-	-	-	-	2,658
Balance at December 31, 2020		\$ 5,461,792	\$ 2,818,336	\$ 12,544,333	\$ 381,843	\$ 42,338,324	(\$ 496,286)	\$ 2,418,985	\$ 10,377	\$ 65,477,704
<u>For the year ended December 31, 2021</u>										
Balance at January 1, 2021		\$ 5,461,792	\$ 2,818,336	\$ 12,544,333	\$ 381,843	\$ 42,338,324	(\$ 496,286)	\$ 2,418,985	\$ 10,377	\$ 65,477,704
Profit for the year		-	-	-	-	16,210,758	-	-	-	16,210,758
Other comprehensive income (loss) for the year		-	-	-	-	62,427	(59,837)	1,409,900	(34,196)	1,378,294
Total comprehensive income (loss)		-	-	-	-	16,273,185	(59,837)	1,409,900	(34,196)	17,589,052
Appropriation and distribution of retained earnings:	6(18)									
Legal reserve		-	-	1,381,630	-	(1,381,630)	-	-	-	-
Cash dividends		-	-	-	-	(9,285,046)	-	-	-	(9,285,046)
Changes in equity of associates and joint ventures accounted for using equity method		-	(721)	-	-	-	-	-	-	(721)
Changes in ownership interests in subsidiaries	6(6)	-	7,116	-	-	-	-	-	-	7,116
Reorganization	6(6)	-	(17,254)	-	-	-	-	-	-	(17,254)
Balance at December 31, 2021		\$ 5,461,792	\$ 2,807,477	\$ 13,925,963	\$ 381,843	\$ 47,944,833	(\$ 556,123)	\$ 3,828,885	(\$ 23,819)	\$ 73,770,851

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

HO TAI MOTOR CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities</u>			
Profit before income tax		\$ 18,709,403	\$ 16,201,618
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Net gain on financial assets and liabilities at fair value through profit or loss	6(22)	(68,250)	(132,411)
Depreciation	6(23)	104,054	96,972
Net gain on disposal of property, plant and equipment	6(22)	(812)	(1,303)
Loss on abandonment of property, plant and equipment	6(22)	33	5
Share of profit of associates accounted for using equity method	6(6)	(8,286,264)	(6,270,255)
Dividend income		(258,398)	(252,700)
Interest expense		21,016	23,036
Interest income	6(20)	(56,391)	(65,925)
Unrealized profit from sales		178,613	136,549
Realized profit from sales		(136,549)	(219,755)
Changes in assets and liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(251,785)	(76,121)
Notes receivable		(2,479)	8,485
Accounts receivable		(1,110,244)	1,333,687
Other receivables		122,524	(185,970)
Inventories		2,501,823	333,003
Prepayments		232,909	(158,041)
Net changes in liabilities relating to operating activities			
Notes and accounts payable		(1,271,480)	80,097
Other payables		154,842	167,842
Other current liabilities		(28,089)	18,380
Other non-current liabilities		503,680	597,957
Cash inflow generated from operations		11,058,156	11,635,150
Cash dividends received		3,485,593	2,948,108
Interest paid		(20,355)	(23,528)
Interest received		55,679	66,558
Income tax paid		(1,315,108)	(2,112,399)
Net cash provided by operating activities		<u>13,263,965</u>	<u>12,513,889</u>
<u>Cash flows from investing activities</u>			
Acquisition of investments accounted for using equity method	6(6)	(800,000)	(885,524)
Acquisition of property, plant and equipment	6(7)	(38,724)	(211,545)
Acquisition of investment property	6(10)	(235)	(149)
Proceeds from disposal of property, plant and equipment	6(7)	6,655	4,195
Acquisition of intangible assets		(23,800)	-
(Increase)decrease in other non-current assets		(8,983)	30,230
Net cash used in investing activities		<u>(865,087)</u>	<u>(1,062,793)</u>
<u>Cash flows from financing activities</u>			
(Decrease) increase in short-term loans	6(27)	1,940,807	(747,251)
Cash dividends paid	6(18)(27)	(9,285,046)	(7,646,509)
Repayments of principal portion of lease liability	6(27)	(5,766)	(5,861)
Net cash used in financing activities		<u>(7,350,005)</u>	<u>(8,399,621)</u>
Increase in cash and cash equivalents		5,048,873	3,051,475
Cash and cash equivalents at beginning of year		4,079,705	1,028,230
Cash and cash equivalents at end of year		<u>\$ 9,128,578</u>	<u>\$ 4,079,705</u>

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

HO TAI MOTOR CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

1. HISTORY AND ORGANISATION

Ho Tai Motor Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on April 25, 1955. The Company is primarily engaged in assembling, trading, import of vehicles, automobile air conditioners and their parts.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on March 24, 2022.

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”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note: Earlier application from January 1, 2021 is allowed by FSC.

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 IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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) Effects of IFRSs issued by IASB but not yet endorsed by the FSC

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

<u>New and revised Standards, Interpretations and Amendments</u>	<u>Effective date issued by International Accounting Standards Board</u>
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
Amendments to IFRS 17, 'Initial Application of IFRS 17 and IFRS 9—Comparative Information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
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

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 SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations 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 financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollar (“NTD”), which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses based on the nature of those transitions are presented in the statement of comprehensive income within “other gains or losses”.

B. Translation of foreign operations

- (a) The operating results and financial position of all the entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly arrangements, exchange differences that were recorded in other comprehensive income are

proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, when the Company retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.

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

(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 realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off 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 fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures the

financial assets at fair value with any gain or loss recognized in profit or loss.

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

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

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

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

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

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

(8) 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.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, receivables, and financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) Operating leases (lessor)

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

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive incomes in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- G. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the

aforementioned approach.

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

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each component of property, plant and equipment 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 using IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 60 years
Utility equipment	8 ~ 10 years
Office equipment	2 ~ 20 years
Other equipment	5 ~ 6 years
Rental assets	8 ~ 10 years

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

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments include fixed payments.

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 recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10~60 years.

(17) Intangible assets

Trademark right (indefinite useful life)

Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortised, but is tested annually for impairment.

(18) Impairment of non-financial assets

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

(19) Borrowings

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

(20) Notes and accounts payable

A. Liabilities for purchases of raw materials, goods or services and notes payables resulting from operating and non-operating activities.

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

(21) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures the financial liabilities at fair value with any gain or loss recognized in profit or loss.

(22) Derecognition of financial liabilities

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

(23) Provisions

Provisions (provision for warranties) are recognized 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 recognized as interest expense. Provisions are not recognized for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(25) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and 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 recognized, using the balance sheet liability method, on temporary differences

arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only 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. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(26) 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.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(28) Revenue recognition

Sales of goods

- A. The Company sells cars and related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales revenue was recognized based on the contract price net of sales discount. Accumulated experience and other known reason is used to estimate and provide for the sales discounts and allowances, and revenue is only recognized 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. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.
- C. The Company's obligation to provide a refund or maintenance for faulty products under the standard warranty terms is recognized as a provision.
- D. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Company estimates sales discounts based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognized. The Company reassesses the reasonableness of estimates of discounts and returns periodically. Please refer to Note 6(19) for the information of sales of goods.

B. Provisions for warranty

To enhance customer's confidence on product quality, the Company provides additional warranty services apart from the warranty offered by the original manufacturer. Provisions for warranty is estimated based on historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year, and is revaluated on a regular basis. Please refer to Note 6(15) "Provisions" for more information. As of December 31, 2021, the carrying amount of provisions for warranty was \$3,522,084.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cash on hand and revolving funds	\$ 330	\$ 330
Checking accounts and demand deposits	1,743,177	383,644
Cash equivalents-short-term notes and bills	6,085,071	3,695,731
Time deposits	<u>1,300,000</u>	<u>-</u>
	<u>\$ 9,128,578</u>	<u>\$ 4,079,705</u>

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

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

<u>Items</u>	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets at fair value through profit or loss		
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 364,437	\$ 95,402
Valuation adjustment	31,293	17,383
Derivative instruments	<u>10,987</u>	<u>8,347</u>
	<u>\$ 406,717</u>	<u>\$ 121,132</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Corporate bonds	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Financial liabilities at fair value through profit or loss		
Current items:		
Financial liabilities held for trading		
Derivative instruments	<u>\$ 27,722</u>	<u>\$ 62,172</u>

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

<u>Items</u>	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ 37,089	\$ 95,748
Beneficiary certificates	-	2,031
Corporate bonds	17,250	17,250
Foreign stocks	<u>13,911</u>	<u>17,382</u>
	<u>\$ 68,250</u>	<u>\$ 132,411</u>

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

<u>Derivative instruments</u>	<u>December 31, 2021</u>	
	<u>Contract amount (Notional principal) (in thousands)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts	<u>USD 421,750</u>	2021.8.25~2022.4.14

	<u>December 31, 2020</u>	
	Contract amount (Notional principal) (in thousands)	Contract period
<u>Derivative instruments</u>		
Current items:		
Forward foreign exchange contracts	<u>USD 383,750</u>	2020.9.23~2021.4.14

The Company entered into forward foreign exchange contracts to buy USD to hedge exchange rate risk of import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

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

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

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

	<u>December 31,</u>	
<u>Items</u>	<u>2021</u>	<u>2020</u>
Current items:		
Equity instruments		
Listed stocks and unlisted stocks	\$ 6,413,881	\$ 6,413,881
Valuation adjustment	<u>2,845,008</u>	<u>1,636,171</u>
	<u>\$ 9,258,889</u>	<u>\$ 8,050,052</u>

A. The Company has elected to classify equity instruments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$9,258,889 and \$8,050,052, respectively, as of December 31, 2021 and 2020.

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

	<u>Years ended December 31,</u>	
<u>Items</u>	<u>2021</u>	<u>2020</u>
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	<u>\$ 1,208,837</u>	<u>\$ 245,498</u>

C. The Company has no financial assets at fair value through other comprehensive income pledged to others.

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

(4) Notes and accounts receivable, net (including related parties)

	December 31,	
	2021	2020
Notes receivable	\$ 2,673	\$ 194
Accounts receivable	2,020,921	910,677
	<u>\$ 2,023,594</u>	<u>\$ 910,871</u>

A. The Company has no past due accounts receivable.

B. As of December 31, 2021, December 31, 2020 and January 1, 2020, the balances of receivables (including notes receivable) from contracts with customers amounted to \$2,023,594, \$910,871 and \$2,253,043, respectively.

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

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Vehicles	\$ 2,771,361	\$ -	\$ 2,771,361
Parts	680,241	(89,801)	590,440
Inventory in transit	1,029,087	-	1,029,087
	<u>\$ 4,480,689</u>	<u>(\$ 89,801)</u>	<u>\$ 4,390,888</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Vehicles	\$ 6,055,501	\$ -	\$ 6,055,501
Parts	684,577	(82,124)	602,453
Inventory in transit	234,757	-	234,757
	<u>\$ 6,974,835</u>	<u>(\$ 82,124)</u>	<u>\$ 6,892,711</u>

A. Above listed inventories were not pledged to others as collateral.

B. Expenses and losses incurred on inventories were as follows:

	Years ended December 31,	
	2021	2020
Cost of goods sold	\$ 126,104,475	\$ 124,021,592
Loss on market value decline of inventories	7,677	8,879
	<u>\$ 126,112,152</u>	<u>\$ 124,030,471</u>

(6) Investments accounted for using equity method

	Years ended December 31,	
	2021	2020
Hozan Investment Co., Ltd.	\$ 23,596,865	\$ 21,586,019
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	9,256,665	7,952,833
Kuozui Motors, Ltd.	5,242,021	4,590,681
Change Yuan Motor Co., Ltd.	4,494,197	4,311,113
Ho Tai Development Co., Ltd.	3,411,607	2,933,561
Central Motor Co., Ltd.	2,649,211	2,609,115
Tau Miau Motor Co., Ltd.	1,673,305	1,608,001
Kau Du Automobile Co., Ltd.	1,408,476	1,392,909
Carmax Co., Ltd.	1,573,014	1,379,937
Kuotu Motor Co., Ltd.	1,315,675	1,238,822
Taipei Toyota Motor Co., Ltd.	1,197,311	1,157,149
Nan Du Motor Co., Ltd.	1,130,250	1,086,633
Toyota Material Handing Taiwan Ltd.	1,030,626	981,292
Hotai Connected Co., Ltd.	722,874	551,522
Hotai AutoBody Manufacturing Co.,Ltd.	500,556	-
Eastern Motor Co., Ltd.	447,486	423,010
Formosa Flexible Packaging Corp.	394,678	378,824
Lang Yang Toyota Motor Co., Ltd.	301,184	301,130
Shi-Ho Screw Industrial Co., Ltd., etc.	292,878	283,725
	<u>\$ 60,638,879</u>	<u>\$ 54,766,276</u>

- A. Please refer to Note 4(3) of the 2021 and 2020 consolidated financial statements for related information about subsidiaries of the Company.
- B. Hotai Finance Co., Ltd. has quoted market price. As of December 31, 2021, the fair value of Hotai Finance Co., Ltd. was \$21,554,777.
- C. The share of profit of investments accounted for using the equity method were \$8,286,264 and \$6,270,255, which were valued based on the investees' financial statements audited by auditors for the years ended December 31, 2021 and 2020, respectively.
- D. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the financial performance are summarized as follows:

The individually immaterial associates of the Company for the years ended December 31, 2021 and 2020 amounted to \$15,570,028 and \$14,618,770, respectively.

	Years ended December 31,	
	2021	2020
Comprehensive income for the year	<u>\$ 7,378,651</u>	<u>\$ 5,540,450</u>

- E. On January 21, 2021, the Company participated in the capital increase of Hotai Connected Co.,Ltd by acquiring 30,000,000 shares amounted to \$300,000.
- F. On January 28, 2021, Hotai Leasing Co., Ltd. sold for an amount of \$360,000 interest in Hotai Mobility Service Co., Ltd. to Hotai Connected Co., Ltd., as a result, its shareholding ratio decreased from 49.18% to 0%; the shareholding ratio of Hotai Connected Co., Ltd. increased to 49.18%. The company incurred changes in capital surplus amounting to \$17,254.
- G. On March 5, 2021, the Company's subsidiaries, Shanghai Hoyu Motor Service Co., Ltd., Shanghai Heling Motor Service Co., Ltd. and Shanghai Hozhan Motor Service Co., each

- invested RMB 400 thousand to participate in the capital increase of Shanghai Hede Used Vehicle Co., Ltd., which was not in proportion to its interests; as a result, each subsidiary increased its shareholding ratio to 23.81%.
- H. On March 30, 2021, the Company and its subsidiary, Chang Yuan Motor Co., Ltd., invested \$500,000 and \$200,000, respectively, to participate in the capital increase of Ho Xing International Automobile Co., Ltd.; as a result, their shareholding ratios increased to 50% and 20%, respectively. The investee was renamed as Hotai AutoBody Manufacturing Co., Ltd. on April 29, 2021.
- I. On April 29, 2021, the Company's subsidiary, Eastern Motor Co., Ltd. participated in the capital increase of Hotai Mobility Service Co., Ltd. amounting to \$3 million. The shareholding ratio was 0.68%. As subsidiaries, Hotai Connected Co., Ltd. and Hotai Finance Co., Ltd. did not participate in the capital increase, their shareholding ratio of Hotai Mobility Service Co., Ltd. decreased to 41.10% and 27.40% from 60% and 40%, respectively, and the Company resulting in changes in capital surplus amounting to \$5,467 and \$1,649, respectively .
- J. On December 2, 2021, the Company's subsidiaries, Shanghai Heling Motor Service Co., Ltd., Chongqing Heling Lexus Motor Sales & Service Co., Ltd., and Shanghai Yangpu Heling Motor Sales & Service Co., Ltd. invested RMB 170 million to set up the Shanghai Hekang Equipment Leasing Corporation, their shareholding ratios were 40%, 30% and 30%, respectively .
- K. The Board of Directors of the Company's subsidiary, Hotai Innovation Marketing Corporation and Hotai Connected Co., Ltd. resolved to merge. On December 31, 2021, after the merger date, Hotai Connected Co., Ltd. was the surviving company and Hotai Innovation Marketing Corporation was the dissolved company.
- L. On March 9, 2020, the Board of Directors of the Company's subsidiary, Hoing Mobility Service Corporation, resolved to increase its capital. The subsidiary, Hotai Leasing Co., Ltd., did not acquire shares proportionally to its interest; as a result, its shareholding ratio decreased to 49.18% from 100%. However, the subsidiary, Hotai Finance Co., Ltd. invested \$310 million in Hoing Mobility Service Corporation and its shareholding ratio increased to 50.82%, resulting in changes in capital surplus amounted to \$1,270.
- M. On May 22, 2020, the Company participated in the capital increase of AIM Technology Corp. by acquiring 1,650,000 shares amounting to \$16,500, and the shareholding would be 15% after the completion.
- N. On May 19, 2020 and August 13, 2020, the Company participated in the capital increase of Shanghai Ho-Yu (BVI) Investment Co., Ltd. amounting to \$344,391 and \$529,308, respectively.
- O. On August 25, 2020, Hotai Mobility Service Co. Ltd. increased its capital. The subsidiary, Hotai Connected Co., Ltd., did not acquire shares proportionally to its interest; as a result, its shareholding ratio decreased from 100% to 60%. However, the subsidiary, Hotai Finance Co., Ltd. invested \$120 million in Hotai Mobility Service Co., Ltd. and its shareholding ratio increased to 40%. The Company did not acquire shares proportionally to its interest resulting in equity changes amounting to \$1,388 which were recognized as changes in capital surplus.
- P. On December 24, 2020, the shareholders of the Company's subsidiary, Hozan Investment Co., Ltd., during their meeting approved to reduce its capital amounting to \$579,060 by using 100% shareholding in its subsidiary, Hotai Connected Co., Ltd. as consideration, and transferred it to the Company.

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Utility equipment</u>		<u>Office Equipment</u>	<u>Others</u>	<u>Construction in progress</u>	<u>Total</u>
			<u>Owner- occupied</u>	<u>Lease</u>				
<u>At January 1, 2021</u>								
Cost	\$ 2,143,310	\$ 1,269,516	\$ 130,946	\$ 78,612	\$ 560,999	\$ 15,005	\$ 5,474	\$ 4,203,862
Revaluation gain	931,497	96	-	-	-	-	-	931,593
Accumulated depreciation and impairment	(26,850)	(783,617)	(128,671)	(78,382)	(455,466)	(7,067)	-	(1,480,053)
	<u>\$ 3,047,957</u>	<u>\$ 485,995</u>	<u>\$ 2,275</u>	<u>\$ 230</u>	<u>\$ 105,533</u>	<u>\$ 7,938</u>	<u>\$ 5,474</u>	<u>\$ 3,655,402</u>
<u>2021</u>								
Opening net book amount as of January 1	\$ 3,047,957	\$ 485,995	\$ 2,275	\$ 230	\$ 105,533	\$ 7,938	\$ 5,474	\$ 3,655,402
Additions	-	7,135	985	-	25,051	-	5,553	38,724
Disposals	-	-	-	-	(5,876)	-	-	(5,876)
Reclassifications	(182,842)	3,632	1,156	-	5,380	-	(6,536)	(179,210)
Depreciation	-	(36,246)	(546)	(45)	(27,385)	(1,950)	-	(66,172)
Closing net book amount as of December 31	<u>\$ 2,865,115</u>	<u>\$ 460,516</u>	<u>\$ 3,870</u>	<u>\$ 185</u>	<u>\$ 102,703</u>	<u>\$ 5,988</u>	<u>\$ 4,491</u>	<u>\$ 3,442,868</u>
<u>At December 31, 2021</u>								
Cost	\$ 1,960,468	\$ 1,286,028	\$ 133,087	\$ 78,612	\$ 578,119	\$ 14,834	\$ 4,491	\$ 4,055,639
Revaluation gain	931,497	96	-	-	-	-	-	931,593
Accumulated depreciation and impairment	(26,850)	(825,608)	(129,217)	(78,427)	(475,416)	(8,846)	-	(1,544,364)
	<u>\$ 2,865,115</u>	<u>\$ 460,516</u>	<u>\$ 3,870</u>	<u>\$ 185</u>	<u>\$ 102,703</u>	<u>\$ 5,988</u>	<u>\$ 4,491</u>	<u>\$ 3,442,868</u>

	Land	Buildings and structures	Utility equipment Owner- occupied	Lease	Office Equipment	Others	Construction in progress	Total
<u>At January 1, 2020</u>								
Cost	\$ 2,143,310	\$ 1,266,966	\$ 130,052	\$ 78,612	\$ 542,237	\$ 13,236	\$ 341,682	\$ 4,516,095
Revaluation gain	931,497	96	-	-	-	-	-	931,593
Accumulated depreciation and impairment	(26,850)	(747,485)	(128,207)	(78,338)	(437,532)	(6,059)	-	(1,424,471)
	<u>\$ 3,047,957</u>	<u>\$ 519,577</u>	<u>\$ 1,845</u>	<u>\$ 274</u>	<u>\$ 104,705</u>	<u>\$ 7,177</u>	<u>\$ 341,682</u>	<u>\$ 4,023,217</u>
<u>2020</u>								
Opening net book amount as of January 1	\$ 3,047,957	\$ 519,577	\$ 1,845	\$ 274	\$ 104,705	\$ 7,177	\$ 341,682	\$ 4,023,217
Additions	-	2,550	894	-	24,698	2,501	180,902	211,545
Disposals	-	-	-	-	(2,897)	-	-	(2,897)
Reclassifications	-	-	-	-	6,655	-	(517,110)	(510,455)
Depreciation	-	(36,132)	(464)	(44)	(27,628)	(1,740)	-	(66,008)
Closing net book amount as of December 31	<u>\$ 3,047,957</u>	<u>\$ 485,995</u>	<u>\$ 2,275</u>	<u>\$ 230</u>	<u>\$ 105,533</u>	<u>\$ 7,938</u>	<u>\$ 5,474</u>	<u>\$ 3,655,402</u>
<u>At December 31, 2020</u>								
Cost	\$ 2,143,310	\$ 1,269,516	\$ 130,946	\$ 78,612	\$ 560,999	\$ 15,005	\$ 5,474	\$ 4,203,862
Revaluation gain	931,497	96	-	-	-	-	-	931,593
Accumulated depreciation and impairment	(26,850)	(783,617)	(128,671)	(78,382)	(455,466)	(7,067)	-	(1,480,053)
	<u>\$ 3,047,957</u>	<u>\$ 485,995</u>	<u>\$ 2,275</u>	<u>\$ 230</u>	<u>\$ 105,533</u>	<u>\$ 7,938</u>	<u>\$ 5,474</u>	<u>\$ 3,655,402</u>

(8) Leasing arrangements - lessee

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 12,288	\$ 1,381
Buildings	<u>757</u>	<u>80</u>
	<u>\$ 13,045</u>	<u>\$ 1,461</u>

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 5,477	\$ 5,525
Buildings	<u>332</u>	<u>320</u>
	<u>\$ 5,809</u>	<u>\$ 5,845</u>

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

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 130	\$ 35
Expense on short-term lease contracts and leases of low-value assets	44,503	45,360

D. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for lease amounted to \$50,399 and \$51,256, respectively.

E. For the years ended December 31, 2021 and 2020, the Company's addition of right-of-use assets was \$17,393 and \$0, respectively.

(9) Leasing arrangements - lessor

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 and 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2021 and 2020, the Company recognized rent income in the amount of \$236,822 and \$216,967, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31,	
	2021	2020
Less than 1 year	\$ 230,906	\$ 95,823
Between 1 and 2 years	229,222	79,356
Between 2 and 3 years	229,197	79,331
Between 3 to 4 years	106,153	4,937
Between 4 to 5 years	37,004	521
More than 6 years	41,282	7,250
	<u>\$ 873,764</u>	<u>\$ 267,218</u>

(10) Investment property

	Land	Buildings and Structures	Total
	<u>Land</u>	<u>Structures</u>	<u>Total</u>
<u>At January 1, 2021</u>			
Cost	\$ 755,900	\$ 1,487,926	\$ 2,243,826
Revaluation gain	742,263	11,983	754,246
Accumulated depreciation	-	(546,844)	(546,844)
	<u>\$ 1,498,163</u>	<u>\$ 953,065</u>	<u>\$ 2,451,228</u>
<u>2021</u>			
Opening net book amount as of January 1	\$ 1,498,163	\$ 953,065	\$ 2,451,228
Additions	-	235	235
Reclassifications	182,842	(3,632)	179,210
Depreciation	-	(32,073)	(32,073)
Closing net book amount as of December 31	<u>\$ 1,681,005</u>	<u>\$ 917,595</u>	<u>\$ 2,598,600</u>
<u>At December 31, 2021</u>			
Cost	\$ 938,742	\$ 1,478,784	\$ 2,417,526
Revaluation gain	742,263	11,983	754,246
Accumulated depreciation	-	(573,172)	(573,172)
	<u>\$ 1,681,005</u>	<u>\$ 917,595</u>	<u>\$ 2,598,600</u>

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Total</u>
<u>At January 1, 2020</u>			
Cost	\$ 755,900	\$ 977,322	\$ 1,733,222
Revaluation gain	742,263	11,983	754,246
Accumulated depreciation	<u>-</u>	<u>(521,725)</u>	<u>(521,725)</u>
	<u>\$ 1,498,163</u>	<u>\$ 467,580</u>	<u>\$ 1,965,743</u>
<u>2020</u>			
Opening net book amount as of January 1	\$ 1,498,163	\$ 467,580	\$ 1,965,743
Additions	-	149	149
Reclassifications	-	510,455	510,455
Depreciation	<u>-</u>	<u>(25,119)</u>	<u>(25,119)</u>
Closing net book amount as of December 31	<u>\$ 1,498,163</u>	<u>\$ 953,065</u>	<u>\$ 2,451,228</u>
<u>At December 31, 2020</u>			
Cost	\$ 755,900	\$ 1,487,926	\$ 2,243,826
Revaluation gain	742,263	11,983	754,246
Accumulated depreciation	<u>-</u>	<u>(546,844)</u>	<u>(546,844)</u>
	<u>\$ 1,498,163</u>	<u>\$ 953,065</u>	<u>\$ 2,451,228</u>

A. Rental income from investment property and direct operating expenses arising from investment property are as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rental income from investment property	<u>\$ 236,822</u>	<u>\$ 216,967</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 32,073</u>	<u>\$ 25,119</u>

B. The fair value of the investment property held by the Company was \$4,291,994 and \$4,080,085 as of December 31, 2021 and 2020, respectively.

(11) Short-term loans

<u>Type of loans</u>	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Unsecured loans	<u>\$ 3,144,963</u>	<u>\$ 1,204,156</u>
Annual interest rate	<u>0.65%~0.68%</u>	<u>0.70%~0.76%</u>

Interest expense recognised in profit or loss amounted to \$7,493 and \$10,478 for the years ended December 31, 2021 and 2020, respectively.

(12) Accounts payable (including related parties)

	December 31,	
	2021	2020
Accounts payable	\$ 3,596,303	\$ 3,597,373
Accounts payable - foreign currencies	<u>3,500,749</u>	<u>4,778,696</u>
	7,097,052	8,376,069
Valuation adjustment	<u>21,162</u>	<u>21,084</u>
	<u>\$ 7,118,214</u>	<u>\$ 8,397,153</u>

(13) Other payables

	December 31,	
	2021	2020
Year-end bonus payable	\$ 899,365	\$ 864,425
Dealer premium bonus payable	217,415	619,704
Remuneration payable to directors	385,761	334,054
Advertisement expense payable	378,037	160,435
Warranty cost payable	14,658	89,131
Remuneration payable to employees	192,880	167,027
Others	<u>695,508</u>	<u>447,283</u>
	<u>\$ 2,783,624</u>	<u>\$ 2,682,059</u>

(14) Pensions

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. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were \$28,409 and \$28,401, respectively.

(15) Provisions

	<u>Warranty</u>
At January 1, 2021	\$ 3,018,403
Additional provisions during the year	1,141,939
Used during the year	(<u>638,258</u>)
At December 31, 2021	<u>\$ 3,522,084</u>

	<u>Warranty</u>
At January 1, 2020	\$ 2,420,516
Additional provisions during the year	1,221,991
Used during the year	(<u>624,104</u>)
At December 31, 2020	<u>\$ 3,018,403</u>

Analysis of total provision:

	December 31,	
	2021	2020
Current	\$ 758,278	\$ 747,058
Non-current	\$ 2,763,806	\$ 2,271,345

The Company provides warranties on vehicles and related products sold. Provision for warranty is estimated based on historical warranty data of vehicles and related products.

(16) Share capital

As of December 31, 2021, the Company's authorized capital was \$6,000,000, consisting of 600,000,000 shares of ordinary stock and the paid-in capital was \$5,461,792 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The number of the Company's ordinary shares outstanding at January 1, 2021 and December 31, 2021 was both 546,179,184 shares.

(17) Capital surplus

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

(18) Retained earnings

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

The earnings appropriation ratios and distribution method of dividends to shareholders are determined based on current year's profit and capital position and shall be proposed by the Board of Directors and resolved by the shareholders.

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

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865 issued by FSC on April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or

reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The Company recognized dividends distributed to shareholders amounting to \$9,285,046 (\$17.0 per share) and \$7,646,509 (\$14.0 per share) for the years 2021 and 2020, respectively. On March 24, 2022, the Board of Directors resolved that total dividends for the distribution of earnings for the year 2021 was \$10,923,584 at \$20 (in dollars) per share.

(19) Operating revenue

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers - Sales revenue	\$ 137,225,462	\$ 134,723,411
Revenue from contracts with customers - Service revenue	<u>1,646,778</u>	<u>1,329,032</u>
	<u>\$ 138,872,240</u>	<u>\$ 136,052,443</u>

Disaggregation of revenue from contracts with customers

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

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Goods category:		
Sales of goods	\$ 137,225,462	\$ 134,723,411
Service revenue	<u>1,646,778</u>	<u>1,329,032</u>
	<u>\$ 138,872,240</u>	<u>\$ 136,052,443</u>
Timing of revenue recognition		
At a point in time	<u>\$ 138,872,240</u>	<u>\$ 136,052,443</u>

(20) Interest income

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 835	\$ 187
Interest from short-term notes	8,183	10,085
Other interest income	<u>47,373</u>	<u>55,653</u>
	<u>\$ 56,391</u>	<u>\$ 65,925</u>

(21) Other income

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rental income	\$ 236,822	\$ 216,967
Others	<u>1,039,442</u>	<u>909,612</u>
	<u>\$ 1,276,264</u>	<u>\$ 1,126,579</u>

(22) Other gains and losses

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Net gain on financial assets/liabilities at fair value through profit or loss	\$ 68,250	\$ 132,411
Gain on disposal of property, plant and equipment	812	1,303
Loss on abandonment of property, plant and equipment	(33)	(5)
Net currency exchange gain	527,937	422,820
Miscellaneous disbursements	(31,283)	(22,662)
	<u>\$ 565,683</u>	<u>\$ 533,867</u>

(23) Expenses by nature (shown as operating expenses)

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Employee benefit expense	\$ 2,237,748	\$ 2,147,001
Depreciation	104,054	96,972
	<u>\$ 2,341,802</u>	<u>\$ 2,243,973</u>

(24) Employee benefit expense (shown as operating expenses)

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Wages and salaries	\$ 1,629,449	\$ 1,594,959
Labor and health insurance fees	73,153	65,768
Pension costs	28,409	28,401
Directors' remuneration	402,588	350,874
Other personnel expenses	104,149	106,999
	<u>\$ 2,237,748</u>	<u>\$ 2,147,001</u>

A. According to the Articles of Incorporation of the Company, a percentage of distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration. The percentage shall be 1% for employees' compensation and shall not be higher than 2% for directors' remuneration. Independent directors will not receive any distributable profit. If a company has accumulated deficit, earnings should be channeled to cover losses.

B. For the years ended December 31, 2021 and 2020, employees' remuneration was accrued at \$192,880 and \$167,027, respectively; while directors' remuneration was accrued at \$385,761 and \$334,054, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 2% of distributable profit of current year for the year ended December 31, 2021. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$192,880 and \$385,761 on March 24, 2022, and the employees' compensation will be distributed in cash.

Employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2020 financial statements.

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

(25) Income tax

A. Income tax expense

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Current tax:		
Current tax expense recognized in the current year	\$ 2,165,919	\$ 2,070,579
Tax on undistributed surplus earnings	157,481	154,749
Effect from investment tax credits	(1,614)	(960)
Prior year income tax under estimation	(1,350)	4,138
Total current tax	<u>2,320,436</u>	<u>2,228,506</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>178,209</u>	<u>124,242</u>
Total deferred tax	<u>178,209</u>	<u>124,242</u>
Income tax expense	<u>\$ 2,498,645</u>	<u>\$ 2,352,748</u>

B. Reconciliation between income tax expense and accounting profit

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Income tax expense at the statutory rate	\$ 3,741,882	\$ 3,240,324
Effects from adjustments based on regulation	(1,397,754)	(1,045,503)
Tax on undistributed surplus earnings	157,481	154,749
Effect from investment tax credits	(1,614)	(960)
Prior year income tax (over) under estimation	(1,350)	4,138
Income tax expense	<u>\$ 2,498,645</u>	<u>\$ 2,352,748</u>

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

	<u>Year ended December 31, 2021</u>		
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>December 31</u>
Temporary differences:			
-Deferred tax assets:			
Allowance for inventory obsolescence	\$ 16,425	\$ 1,535	\$ 17,960
Warranty provision	437,257	95,654	532,911
Unrealized gain on inter-affiliate accounts	53,934	8,413	62,347
Others	<u>14,571</u>	<u>(13,897)</u>	<u>674</u>
	<u>522,187</u>	<u>91,705</u>	<u>613,892</u>
-Deferred tax liabilities:			
Gain on investment accounted for using equity method	(940,143)	(269,914)	(1,210,057)
Land value increment tax	(509,365)	-	(509,365)
Others	<u>(29,313)</u>	<u>-</u>	<u>(29,313)</u>
	<u>(1,478,821)</u>	<u>(269,914)</u>	<u>(1,748,735)</u>
	<u>(\$ 956,634)</u>	<u>(\$ 178,209)</u>	<u>(\$ 1,134,843)</u>

	<u>Year ended December 31, 2020</u>		
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>December 31</u>
Temporary differences:			
-Deferred tax assets:			
Allowance for inventory obsolescence	\$ 14,649	\$ 1,776	\$ 16,425
Warranty provision	328,054	109,203	437,257
Unrealized gain on inter-affiliate accounts	43,951	9,983	53,934
Others	<u>40,458</u>	<u>(25,887)</u>	<u>14,571</u>
	<u>427,112</u>	<u>95,075</u>	<u>522,187</u>
-Deferred tax liabilities:			
Gain on investment accounted for using equity method	(720,826)	(219,317)	(940,143)
Land value increment tax	(509,365)	-	(509,365)
Others	<u>(29,313)</u>	<u>-</u>	<u>(29,313)</u>
	<u>(1,259,504)</u>	<u>(219,317)</u>	<u>(1,478,821)</u>
	<u>(\$ 832,392)</u>	<u>(\$ 124,242)</u>	<u>(\$ 956,634)</u>

D. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 16,210,758</u>	<u>546,179</u>	<u>\$ 29.68</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 16,210,758	546,179	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	<u>-</u>	<u>381</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 16,210,758</u>	<u>546,560</u>	<u>\$ 29.66</u>

	<u>Year ended December 31, 2020</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 13,848,870</u>	<u>546,179</u>	<u>\$ 25.36</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 13,848,870	546,179	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	<u>-</u>	<u>337</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 13,848,870</u>	<u>546,516</u>	<u>\$ 25.34</u>

(27) Changes in liabilities from financing activities

	<u>Short-term loans</u>	<u>Dividend payable</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
January 1, 2021	\$ 1,204,156	\$ 6,330	\$ 1,472	\$ 1,211,958
Changes in cash flow from financing activities	1,940,807	(9,285,046)	(5,766)	(7,350,005)
Changes in other non-cash items	<u>-</u>	<u>9,284,993</u>	<u>17,393</u>	<u>9,302,386</u>
December 31, 2021	<u>\$ 3,144,963</u>	<u>\$ 6,277</u>	<u>\$ 13,099</u>	<u>\$ 3,164,339</u>

	<u>Short-term loans</u>	<u>Dividend payable</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
January 1, 2020	\$ 1,951,407	\$ 6,368	\$ 7,333	\$ 1,965,108
Changes in cash flow from financing activities	(747,251)	(7,646,509)	(5,861)	(8,399,621)
Changes in other non-cash items	<u>-</u>	<u>7,646,471</u>	<u>-</u>	<u>7,646,471</u>
December 31, 2020	<u>\$ 1,204,156</u>	<u>\$ 6,330</u>	<u>\$ 1,472</u>	<u>\$ 1,211,958</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship with the Company

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Toyota Motor Asia Pacific Pte Ltd.(TMAP)	Entity controlled by key management
Toyota Motor Manufacturing Turkey Inc.	Entity controlled by key management
Toyota-Motor-Europe-Nv/Sa	Entity controlled by key management
Toyota-Motor-Sales-USA	Entity controlled by key management
Toyota Auto Body Co.,Ltd	Entity controlled by key management
Toyota Daihatsu Engineering & Manufacturing Co.,Ltd	Entity controlled by key management
Hino Motors, Ltd.	Entity controlled by key management
Toyota Motor Corporation (TMC)	Entity controlled by key management
Ho Chuang Insurance Agency Co., Ltd.	Entity controlled by key management
Ho An Insurance Agency Co., Ltd.	Entity controlled by key management
Ho Yu Investment Co., Ltd.	Entity controlled by key management
Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Subsidiary
Toyota Material Handling Taiwan Ltd.	Subsidiary
Carmax Co., Ltd. (Carmax)	Subsidiary
Hotai Innovation Marketing Co.	Subsidiary
HE JING CO., Ltd.	Subsidiary
Hozan Investment Co., Ltd.	Subsidiary
Ho Tai Service & Marketing Co., Ltd.	Subsidiary
Hotai Insurance Co., Ltd.	Subsidiary
Ho Tai Development Co., Ltd.	Subsidiary
Hotai Connected Co., Ltd.	Subsidiary
Hotong Motor Investment Co., Ltd.	Subsidiary
Hoing Mobility Service Corporation	Subsidiary
Hotai Leasing Co., Ltd. (Hotai Leasing)	Subsidiary
Hotai Finance Co., Ltd.	Subsidiary
Eastern Motor Co., Ltd.	Subsidiary
Chang Yuan Motor Co., Ltd. (Chang Yuan)	Subsidiary
Smart Design Technology Co., Ltd.	Subsidiary
Hotai Mobility Service Co., Ltd.	Subsidiary
Ho Tai Parts & Accessories Co., Ltd.	Subsidiary
Ho Tai Crane Engineering Co., Ltd.	Subsidiary
Ho Tai Transportation Co., Ltd.	Subsidiary
Long Ho Crane Engineering Co., Ltd.	Subsidiary
Long Hao Crane Engineering Co., Ltd.	Subsidiary
Long Hao Removal Transport Services Co., Ltd.	Subsidiary
Hotai Auto Body Sales Co., Ltd.	Subsidiary
Hotai Auto Body Manufacturing Co., Ltd.	Subsidiary
Triple S Digital Co.,Ltd	Associate
Formosa Flexible Packaging Corp.	Associate
Yokohama Tire Taiwan Co., Ltd.	Associate
Kuozui Motors, Ltd. (Kuozui)	Associate
Kuotu Motor Co., Ltd. (Kuotu)	Associate

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Taipei Toyota Motor Co., Ltd. (Taipei Motor)	Associate
Tau Miao Motor Co., Ltd. (Tau Miao)	Associate
Central Motor Co., Ltd. (Central Motor)	Associate
Nan Du Motor Co., Ltd. (Nan Du)	Associate
Kau Du Automobile Co., Ltd. (Kau Du)	Associate
Lang Yang Toyota Motor Co., Ltd.	Associate
Hozao Enterprise Co., Ltd.	Associate
Hohung Motors Co., Ltd.	Associate
Horung Motors Co., Ltd.	Associate
Zhong Cheng Motors Co., Ltd.	Associate
Fan Tai Transportation Co., Ltd.	Associate
Yi Tai Transportation Co., Ltd.	Associate
Hua Tai Transportation Co., Ltd.	Associate
AIM Technology Corp.	Associate
New Auto Parts Co., Ltd.	Associate
Innovation Auto Parts Co.,Ltd.	Associate
Heng Yun Investment Co.,Ltd.	Associate

(2) Significant related party transactions and balances

A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
(a)Interest income:		
-Associates		
Central Motor	\$ 27,554,308	\$ 27,104,011
Tau Miao	25,239,273	24,551,172
Taipei Motor	19,740,676	20,003,246
Kuotu	17,852,228	19,825,948
Kau Du	18,663,004	17,786,963
Nan Du	16,678,745	15,959,320
Others	2,906,267	2,844,327
-Subsidiaries	<u>7,101,879</u>	<u>6,366,682</u>
	<u>\$ 135,736,380</u>	<u>\$ 134,441,669</u>

Sales from the Company and subsidiaries to related parties are based on the price lists in force and terms that would be available to third parties. Terms are provided in item 7 of Note 13(1) significant transactions information.

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
(b) Service revenue:		
Service sales:		
-Associates	\$ 3,313	\$ 3,304
-Subsidiaries		
Chang Yuan	1,619,498	1,307,387
Others	36	47
Contracted operating revenue:		
-Associates	<u>23,932</u>	<u>18,294</u>
	<u>\$ 1,646,779</u>	<u>\$ 1,329,032</u>

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
(c) Interest income:		
-Associates		
Central Motor	\$ 9,764	\$ 11,423
Tau Miao	8,961	10,327
Taipei Motor	6,968	8,439
Kau Du	6,616	7,503
Kuotu	6,270	8,499
Nan Du	5,913	6,726
Others	1,022	1,178
-Subsidiaries	<u>1,741</u>	<u>1,770</u>
	<u>\$ 47,255</u>	<u>\$ 55,865</u>

Interest income is interest between transaction dates and collection dates due to the collection of sales transaction is based on agreed collection period. Starting from March 23, 2020, the annual interest rate was adjusted to 2.025%.

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
(d) Rental revenue:		
-Associates		
Kuotu	\$ 109,763	\$ 90,516
Others	35,451	28,737
-Subsidiaries		
Chang Yuan	83,013	80,399
Others	36,899	33,833
-Entities controlled by key management	<u>2,270</u>	<u>2,595</u>
	<u>\$ 267,396</u>	<u>\$ 236,080</u>

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

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
(e) Warranty revenue (shown as deductions to warranty costs):		
-Associates		
Kuozui	\$ 131,735	\$ 247,798
-Subsidiaries	30,365	24,478
-Entities controlled by key management		
TMAP	355,300	328,093
Others	-	54
	<u>\$ 517,400</u>	<u>\$ 600,423</u>
	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
(f) Advertisement subsidy and sales promotion revenue (shown as deductions to advertisement expense):		
-Associates		
Kuotu	\$ 158,216	\$ 111,564
Others	129,191	128,681
-Subsidiaries	8,167	8,442
-Entities controlled by key management		
TMC	60,239	88,440
Others	2,341	5,592
	<u>\$ 358,154</u>	<u>\$ 342,719</u>
	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
(g) Miscellaneous income:		
-Associates		
Kuotu	\$ 130,252	\$ 104,313
Others	173,274	140,832
-Subsidiaries		
Chang Yuan	139,512	69,129
Others	174,649	177,761
-Entities controlled by key management	29,274	32,772
	<u>\$ 646,961</u>	<u>\$ 524,807</u>

B. Expenditures

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
(a) Interest expense:		
-Associates		
Kuozui	\$ <u>12,352</u>	\$ <u>11,491</u>

The interest expense is paid for interest arising from purchases between transaction dates and payment dates. Starting from March 23, 2020, the annual interest rate was adjusted to 1.625%.

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
(b) Purchase of goods:		
-Associates		
Kuozui	\$ 48,030,779	\$ 37,407,296
Others	894,264	851,593
-Subsidiaries	2,286,198	2,160,500
-Entities controlled by key management		
TMC	42,368,272	49,480,568
Others	<u>6,116,638</u>	<u>5,493,501</u>
	<u>\$ 99,696,151</u>	<u>\$ 95,393,458</u>

The Company sold domestic cars which were purchased from Kuozui and imported cars and parts which were purchased from Toyota Motor Corporation (“TMC”), Toyota Motor Asia Pacific Pte Ltd. (“TMAP”) and Toyota Motor Sales USA (“TMS”). Payment terms are provided in item 7 of Note 13(1) significant transactions information.

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
(c) Warranty cost:		
-Associates		
Kuotu	\$ 137,961	\$ 98,189
Central Motor	124,542	101,947
Tau Miao	107,519	84,117
Nan Du	82,709	63,283
Kau Du	79,840	62,971
Taipei Motor	77,763	57,263
Others	14,504	13,201
-Subsidiaries		
Chang Yuan	96,284	168,126
Others	9,822	7,814
-Entities controlled by key management	<u>1,148</u>	<u>627</u>
	<u>\$ 732,092</u>	<u>\$ 657,538</u>

	Years ended December 31,	
	2021	2020
(d) Advertisement expense:		
-Associates	\$ 37,834	\$ 29,218
-Subsidiaries		
Hotai Connected Co., Ltd.	273,484	26,067
Others	30,461	69,636
-Entities controlled by key management	<u>3,998</u>	<u>6,818</u>
	<u>\$ 345,777</u>	<u>\$ 131,739</u>

	Years ended December 31,	
	2021	2020
(e) Freight:		
-Associates		
Fan Tai	\$ 193,199	\$ 183,443
Yi Tai	75,845	78,998
Others	2,552	2,648
-Subsidiaries	<u>1,490</u>	<u>1,416</u>
	<u>\$ 273,086</u>	<u>\$ 266,505</u>

C. Receivables from (payables to) related parties

	December 31,	
	2021	2020
(a) Receivables from related parties:		
-Associates		
Central Motor	\$ 338,492	\$ 130,465
Tau Miao	319,982	114,222
Taipei Motor	230,338	89,473
Kau Du	268,932	70,177
Nan Du	251,405	71,637
Kuoto	83,459	89,133
Others	26,859	15,151
-Subsidiaries		
Chang Yuan	243,890	241,458
Others	<u>89,206</u>	<u>53,765</u>
	<u>\$ 1,852,563</u>	<u>\$ 875,481</u>

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
(b) Other receivables from related parties:		
-Associates	\$ 137,965	\$ 194,287
-Subsidiaries	60,637	49,436
-Entities controlled by key management	<u>596</u>	<u>565</u>
	<u>\$ 199,198</u>	<u>\$ 244,288</u>

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
(c) Dividends receivable:		
-Subsidiaries		
Hozan Investment Co., Ltd.	\$ 103,000	\$ -

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
(d) Payables to related parties:		
-Associates	\$ 741,180	\$ 351,045
-Subsidiaries	458,552	190,472
-Entities controlled by key management		
TMC	3,008,307	4,443,994
Others	<u>553,869</u>	<u>393,165</u>
	<u>\$ 4,761,908</u>	<u>\$ 5,378,676</u>

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
(e) Other payables		
-Associates	\$ 165,795	\$ 261,952
-Subsidiaries	241,564	104,077
-Entities controlled by key management	<u>18</u>	<u>993</u>
	<u>\$ 407,377</u>	<u>\$ 367,002</u>

(3) Endorsements and guarantees provided to related parties:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
-Subsidiaries	USD -	USD 1,500,000

(4) Key management remuneration

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 465,986	\$ 406,007

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Details of operating lease agreements are shown in Note 6(8).

(2) Significant contracts signed by the Company as of December 31, 2021 are summarized as follows:

<u>Type of contracts</u>	<u>Party involved</u>	<u>Contract period</u>	<u>Main contents</u>
Distributor agreement	Toyota Motor Corporation	January 1, 2019 to December 31, 2021 (Have renewed in 2021, contract terms remain effective from January 1, 2022 to December 31, 2024)	Sales of imported or domestic models, parts and accessories of Toyota and Hino in Taiwan.
	Hino Motors, Ltd.	April 1, 2021 to March 31, 2026 (Hino)	
Agreement on sale and purchase of Kuozui product	Kuozui Motors, Ltd.	Except for execution of termination clause, contract terms remain effective from July 1, 1995 (Hino) and January 1, 1998 (Toyota). (Have entered into in 2021(Toyota), contract effective from January 1, 2022)	Kuozui Motors, Ltd. agrees to provide vehicles, parts and accessories, which are manufactured under authorization, to the Company for sale purpose in Taiwan.
Product dealership agreement	Kuotu Motor Co., Ltd. and other dealers	May 15, 2021 to May 14, 2024	Authorized dealers sell vehicles, parts and automobile products provided by the Company.
Contracted operating contracts	Kuotu Motor Co., Ltd.	Starting from July 1, 2009	The Company was designated to conduct affairs such as sales, supply chain management, pre-sale services, after-sale services and promotion management.
	Kuozui Motors, Ltd. Chang Yuan Motor Co., Ltd.	Starting from June 1, 2002 Starting from January 1, 2003	
		Except for termination signed by both parties, contracts remain effective.	

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For the appropriation of retained earnings of 2020, please refer to Note 6(18).

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 and considering future capital requirements and long-term capital plan in order to support operations and maximize returns for shareholders.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 500,000	\$ 500,000
Financial assets at fair value through other comprehensive income		
Equity instrument	9,258,889	8,050,052
Cash and cash equivalents	9,128,578	4,079,705
Notes receivable (including related parties)	2,673	194
Accounts receivable (including related parties)	2,020,921	910,677
Other receivables	756,354	775,166
Guarantee deposits paid (shown as “other non-current assets”)	<u>26,926</u>	<u>22,107</u>
	<u>\$ 21,694,341</u>	<u>\$ 14,337,901</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 27,722	\$ 62,172
Financial liabilities at amortized cost		
Short-term loans	3,144,963	1,204,156
Notes payable	7,459	-
Accounts payable (including related parties)	7,118,214	8,397,153
Other payables	2,837,624	2,682,059
Guarantee deposits received (shown as “other non-current liabilities”)	<u>817</u>	<u>818</u>
	<u>\$ 13,136,799</u>	<u>\$ 12,346,358</u>
Lease liability	<u>\$ 13,099</u>	<u>\$ 1,472</u>

B. Financial risk management policies

(a) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. 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. The Company uses derivative financial instruments to hedge certain risk exposures (please refer to Note 6(2)).

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. Management has set up a policy to require management of foreign exchange risk against its functional currency. The Company is required to hedge its entire foreign exchange risk exposure with the finance department. To manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Company enters into forward exchange contracts, through finance department. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- ii. The Company's businesses involve some non-functional currency operations (the 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:

	<u>December 31, 2021</u>		
	Foreign currency amount <u>(In thousands)</u>	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	USD 440	27.6800	\$ 12,180
JPY:NTD	JPY 66,654	0.2405	16,030
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	USD 240,458	27.6800	\$ 6,655,880
JPY:NTD	JPY 52,590	0.2405	12,648

				<u>December 31, 2020</u>		
				Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD	402		28.4800	\$	11,437
JPY:NTD	JPY	385,511		0.2763		106,517
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD	210,105		28.4800	\$	5,983,802
JPY:NTD	JPY	72,771		0.2763		20,107

- i. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020, amounted to \$527,937 and \$422,820 respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

				<u>Year ended December 31, 2021</u>		
				<u>Sensitivity analysis</u>		
				<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD		1%	\$	122	\$	-
JPY:NTD		1%		160		-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD		1%	\$	66,559		-
JPY:NTD		1%		126		-

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 114	\$ -
JPY:NTD	1%	1,065	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 59,838	-
JPY:NTD	1%	201	-

Price risk

The Company's financial assets at fair value through profit or loss and available-for-sale financial assets are domestic quasi money market fund and listed stocks which are influenced by fluctuation in market price.

(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. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Company establishes its credit risk management. For banks and financial institutions, only independently rated parties with good rating are accepted. According to the Company's credit policy, each local entity in 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.
- iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii) For investments in bonds that are traded over the counter, if any external credit

rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are uncollectable and transferred to overdue receivables.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the Company's finance department. Finance department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2021</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>
Short-term loans	\$ 3,144,963	\$ -	\$ -
Accounts payable	7,118,214	-	-
Other payables	2,837,624	-	-
Lease liability	5,897	5,897	1,474

Non-derivative financial liabilities:

<u>December 31, 2020</u>	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>
Short-term loans	\$ 1,204,156	\$ -	\$ -
Accounts payable	8,397,153	-	-
Other payables	2,682,059	-	-
Lease liability	1,474	-	-

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The Company's equity investments with no active markets are included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

Including the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term loans, accounts payable, and other payables, are approximate to their fair values.

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

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

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Bond investment	\$ -	\$ 500,000	\$ -	\$ 500,000
Forward exchange contracts	-	10,987	-	10,987
Equity securities	395,730	-	-	395,730
Financial assets at fair value through other comprehensive income				
Equity securities	<u>8,930,633</u>	<u>-</u>	<u>328,256</u>	<u>9,258,889</u>
	<u>\$ 9,326,363</u>	<u>510,987</u>	<u>\$ 328,256</u>	<u>\$10,165,606</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 27,722</u>	<u>\$ -</u>	<u>\$ 27,722</u>

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Bond investment	\$ -	\$ 500,000	\$ -	\$ 500,000
Forward exchange contracts	-	8,347	-	8,347
Equity securities	112,785	-	-	112,785
Financial assets at fair value through other comprehensive income				
Equity securities	<u>7,741,538</u>	<u>-</u>	<u>308,514</u>	<u>8,050,052</u>
	<u>\$ 7,854,323</u>	<u>508,347</u>	<u>\$ 308,514</u>	<u>\$ 8,671,184</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 62,172</u>	<u>\$ -</u>	<u>\$ 62,172</u>

E. The methods and assumptions the Company used to measure fair value are as follows:

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

	<u>Listed stocks</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.
- (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts and foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

F. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Equity securities</u>	<u>Equity securities</u>
At January 1	\$ 308,514	\$ 280,276
Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	<u>19,742</u>	<u>28,238</u>
At December 31	<u>\$ 328,256</u>	<u>\$ 308,514</u>

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

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

	<u>Fair value at December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 328,256	Asset liability method, Market comparable companies method	Net asset value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.
	<u>Fair value at December 31, 2020</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 308,514	Asset liability method, Market comparable companies method	Net asset value, price to earnings ratio multiple	-	The higher the multiple and control premium, the higher the fair value.

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value, and regards its fair value measurements as reasonable. However, the use of different valuation models or assumptions may result in different measurements. If assumptions from financial assets and liabilities categorized within Level 3 had increased or decreased by 1%,

other comprehensive income would not have been significantly impacted as of December 31, 2021 and 2020.

13. SUPPLEMENTARY DISCLOSURES

Related information of significant transactions are as follows (Information on investees is based solely on the reports of other auditors. Inter-company transactions are eliminated in the preparation of the parent company only financial statements.):

A. Significant transactions information

- (a) Loans to others: Please refer to table 1.
- (b) Provision of endorsements and guarantees to others: Please refer to table 2.
- (c) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- (d) Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- (e) Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- (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: Please refer to table 6.
- (h) Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- (i) Trading in derivative instruments undertaken during the reporting periods:

The table below listed the derivative instruments undertaken but not yet expired as of December 31, 2021:

Company Name	Derivative Instruments	Contract Amount (in thousands)	Maturity Date	Book Value	Fair Value
Ho Tai Motor Co., Ltd.	Forward exchange contracts	USD 421,750	2022/1/10~2022/4/14	(\$ 16,735)	(\$ 16,735)
Hotai Insurance Co., Ltd.	Foreign exchange swap contracts	USD 25,010	2022/1/4~2022/3/31	1,542	1,542
Hoyun International Lease Co., Ltd.	Cross currency swaps	JPY 33,800,000	2023/8/7~2024/9/9	(578,276)	(578,276)

- (j) Significant inter-company transactions during the reporting periods: Please refer to table 8.

B. Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 9.

C. Information on investments in Mainland China

- (a) Basic information: Please refer to table 10.
- (b) Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:
 - i. The amount and percentage of purchases and the balance and percentage of the related

payables at the end of the period: None.

- ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.
- iii. The amount of property transactions and the amount of the resulting gains or losses: None.
- iv. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please refer to table 2.
- v. The highest balance, end of period balance, interest rate range, and total current period interest with respect to financing of funds: Please refer to table 1.
- vi. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

14. SEGMENT INFORMATION

Not applicable.

Ho Tai Motor Co., Ltd.

Loans to others

Year ended December 31, 2021

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

Table 1

Number	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Shanghai Heling Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	Other receivables	Y	\$ 527,483	\$ 521,125	\$ 12,594	2.15%	Short-term financing	-	Operations	\$ -	None	-	\$ 1,277,140	\$ 2,554,281	Note 1
2	Shanghai Hoyu Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	261,803	260,563	25,622	2.15%	"	-	"	-	"	-	484,946	969,892	"
3	Shanghai Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	131,871	130,281	-	2.15%	"	-	"	-	"	-	178,704	357,407	"
4	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	370,888	369,130	137,143	2.15%	"	-	"	-	"	-	699,533	1,399,066	"
5	Shanghai Ho-Mian Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	571,440	534,153	34,611	2.15%	"	-	"	-	"	-	976,656	1,953,312	"
6	Shanghai Guangxin Cultural Media Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	7,854	7,817	-	2.15%	"	-	"	-	"	-	10,621	21,241	"
7	Shanghai Hoxin Motor Service Consulting Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	5,236	5,211	-	2.15%	"	-	"	-	"	-	12,946	25,892	"
8	Shanghai HoChen Motor Technology Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	175,828	173,708	-	2.15%	"	-	"	-	"	-	291,518	583,037	"
9	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	174,535	173,708	77,952	2.15%	"	-	"	-	"	-	303,147	606,295	"
10	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	100,358	99,882	71,828	2.15%	"	-	"	-	"	-	181,185	362,370	"
11	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	351,655	347,417	86,463	2.15%	"	-	"	-	"	-	513,533	1,027,067	"
11	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	43,634	43,427	-	3.35%	"	-	"	-	"	-	102,707	205,413	Note 4
12	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	351,655	347,417	255,004	2.15%	"	-	"	-	"	-	512,788	1,025,576	Note 1
13	Tianjin Ho-Yu Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	153,849	17,371	17,154	2.15%	"	-	"	-	"	-	230,585	461,170	"
14	Tianjin Hozhan Motor Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	174,535	173,708	138,359	2.15%	"	-	"	-	"	-	312,258	624,516	"
15	Tianjin Heyi International Trading Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	79,122	60,798	-	2.15%	"	-	"	-	"	-	109,862	219,724	"
16	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	263,741	217,136	216,354	2.15%	"	-	"	-	"	-	357,629	715,259	"
17	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	307,698	303,990	247,708	2.15%	"	-	"	-	"	-	455,324	910,649	"
18	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	130,902	130,281	26,795	2.15%	"	-	"	-	"	-	259,315	518,630	"
19	ZaoZhuang Ho-Wan Motor Sales & Service Co., Ltd.	Hotong Motor Investment Co., Ltd.	"	Y	34,907	34,742	21,714	2.15%	"	-	"	-	"	-	47,996	95,992	"
20	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	"	Y	659,353	542,839	186,737	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	Note 2
20	Hotong Motor Investment Co., Ltd.	Shanghai Hoyu Motor Service Co., Ltd.	"	Y	219,784	217,136	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	"	Y	131,871	130,281	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	285,720	282,276	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Mian Motor Technology Co., Ltd.	"	Y	87,914	86,854	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Shanghai Guangxin Cultural Media Co., Ltd.	"	Y	8,727	8,685	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"

Number	Creditor	Borrower	General ledger account	Related party	maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2021	December 31, 2021							Item	Value			
20	Hotong Motor Investment Co., Ltd.	Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Other receivables	Y	\$ 13,090	\$ 13,028	\$ -	2.85%	Short-term financing	-	Operations	\$ -	None	-	\$ 9,062,774	\$ 18,125,547	Note 2
20	Hotong Motor Investment Co., Ltd.	Shanghai HoChen Motor Technology Co., Ltd.	"	Y	219,784	217,136	169,105	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	"	Y	174,535	173,708	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	"	Y	43,634	43,427	-	3.35%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	461,547	455,985	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	351,655	347,417	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Tianjin Ho-Yu Motor Sales & Service Co., Ltd.	"	Y	175,828	173,708	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	"	Y	131,871	130,281	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	"	Y	218,169	217,136	35,263	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	351,655	347,417	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	219,784	217,136	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	"	Y	175,828	173,708	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	ZaoZhuang Ho-Wan Motor Sales & Service Co.,Ltd	"	Y	43,634	43,427	-	2.85%	"	-	"	-	"	-	9,062,774	18,125,547	"
20	Hotong Motor Investment Co., Ltd.	Nanjing HoZhan Motor Sales and Service Co.,LTD.	"	Y	87,914	86,854	-	2.85%	"	-	"	-	"	-	1,812,555	3,625,109	Note 3
20	Hotong Motor Investment Co., Ltd.	Hoyun International Lease Co., Ltd.	"	Y	741,775	738,261	738,261	3.35%	"	-	"	-	"	-	1,812,555	3,625,109	"
20	Hotong Motor Investment Co., Ltd.	Beijing Heling Lexus Motor Sales & Service Co., Ltd.	"	Y	131,871	130,281	86,854	3.35%	"	-	"	-	"	-	1,812,555	3,625,109	"
20	Hotong Motor Investment Co., Ltd.	Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.	"	Y	131,871	130,281	130,281	3.35%	"	-	"	-	"	-	1,812,555	3,625,109	"
20	Hotong Motor Investment Co., Ltd.	Tianjin Binhai Heling LEXUS Motor Service Co., Ltd.	"	Y	87,914	86,854	43,427	3.35%	"	-	"	-	"	-	1,812,555	3,625,109	"
20	Hotong Motor Investment Co., Ltd.	Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.	"	Y	65,451	65,141	21,714	3.35%	"	-	"	-	"	-	1,812,555	3,625,109	"
21	Hoyun International Lease Co., Ltd.	Hoyun (Shanghai) Commercial Factoring Co., Ltd.	"	Y	218,169	217,136	-	4.30%	"	-	"	-	"	-	4,535,165	9,070,330	Note 1
21	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	Y	2,000,000	2,000,000	-	0.72%	"	-	"	-	"	-	2,275,526	4,551,052	Note 5

Note 1: The limit on total loans to the borrower and creditor whose voting rights are both 100% owned directly and indirectly by the Company is 200% of the creditor's net value. The limit on loans to a single entity is 100% of the company's total equity.

Note 2: For Hotong Motor Investment Co., Ltd., the limit on total loans to foreign companies whose voting rights are 100% owned directly and indirectly by the same parent company is 200% of the company's total equity. The limit on loans to a single entity is 100% of the company's total equity.

Note 3: The limit on total loans to the borrower (HOTONG MOTOR INVESTMENT CO., LTD.) and creditor (Nanjing HoZhan Motor Sales and Service Co., Ltd., Hoyun International Lease Co., Ltd., Beijing Heling Lexus Motor Sales & Service Co., Ltd., Chongqing Taikang Heling Lexus Motor Sales & Service Co., Ltd., Tianjin Binhai New Area Heling LEXUS Motor Service Co., Ltd., Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.) for operations short-term financing is prescribed in the HOTONG MOTOR INVESTMENT CO., LTD.'s "Procedures for Provision of Loans"; the limit on loans to others is 40% of the company's net value and to a single entity is 20% of the company's net value.

Note 4: The limit on total loans to the borrower (CHONGQING HELING LEXUS MOTOR SALES & SERVICE CO.,LTD.) and creditor (Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.) for operations short-term financing is prescribed in the CHONGQING HELING LEXUS MOTOR SALES & SERVICE CO.,LTD.'s "Procedures for Provision of Loans"; the limit on loans to others is 40% of the company's net value and to a single entity is 20% of the company's net value.

Note 5: The borrower (Hotai Finance Co., Ltd.) and the creditor (HE JING CO., LTD.) who had the requirement of short-term financing for operating capital, according to the prodedures of loans to others of Hotai Finance Co., Ltd., the limit of total loans to others should not exceed 20% of the net assets and the limit of loans to single party should not exceed 10% of net assets.

Ho Tai Motor Co., Ltd.

Provision of endorsements and guarantees to others

Year ended December 31, 2021

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

Table 2

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor											
0	Ho Tai Motor Co., Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Note 4.b	\$ 22,131,255	\$ 42,803	\$ -	\$ -	\$ -	-	\$ 36,885,426	Y	N	Y	Note 1
1	Hotai Finance Co., Ltd.	Hoyun International Lease Co., Ltd.	Note 4.a	22,755,264	2,181,693	2,171,335	1,778,857	-	9.54%	22,755,264	Y	N	Y	Note 2
1	Hotai Finance Co., Ltd.	Hoyun (Shanghai) Commerical Factoring Co., Ltd.	"	22,755,264	361,734	355,535	187,793	-	1.56%	22,755,264	Y	N	Y	"
1	Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	22,755,264	6,000,000	6,000,000	-	-	26.37%	22,755,264	Y	N	N	"
2	Toyota Material Handling Taiwan Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Note 4.b	309,188	28,535	-	-	-	-	513,313	Y	N	Y	Note 3

Note 1 : The limit on total endorsement is no more than 50% of the Company's total equity; the limit on endorsement for any single entity is no more than 30% of the Company's total equity.

Note 2 : For Hotai Financial Co., Ltd. the limit on total endorsement is no more than 100% of its total equity; the limit on endorsement for any single entity is no more than 100% of the Company's total equity.

Note 3 : For Toyota Material Handling Taiwan Ltd., the limited on total endorsement is no more than 50% of its total equity; the limit on endorsement for any single entity is no more than 30% of the Company's total equity.

Note 4 : Relationship between the endorser/guarantor:

- a. The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed company.
- b. The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

Ho Tai Motor Co., Ltd.

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

Year ended December 31, 2021

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

Table 3

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Ho Tai Motor Co., Ltd.	Stock - Mega Financial Holding Company	None	Financial assets at fair value through other comprehensive income - non-current	20,617,157	\$ 732,940	0.15%	\$ 732,940	
	- Toyota Motor Corporation	-	"	15,956,000	\$ 8,079,684	0.10%	\$ 8,079,684	
	- Shihlin Electric & Engineering Corporation Etc.	None	"	-	118,009	0.00%~0.42%	118,009	
	Taian Insurance Co., Ltd. Etc.	-	"	-	328,256	0.42%~3.10%	328,256	
	Nan Shan Life Insurance Perpetual Subordinated Bonds	None	Financial assets at fair value through profit or loss - non-current	-	\$ 500,000	-	\$ 500,000	
	Stock - Toyota Motor Corporation	-	Financial assets at fair value through profit or loss - current	781,500	364,437	0.00%	395,730	
				Valuation adjustment of financial assets		31,293		-
			Total		\$ 895,730		\$ 895,730	
Hoan Investment Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,357	0.50%	\$ 3,357	
Toyota Material Handling Taiwan Ltd.	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	49,471,383	\$ 506,728	-	\$ 517,159	
	- Franklin Templeton Sinoam Money Market Fund							
			Valuation adjustment of financial assets		10,431		-	
			Total		\$ 517,159		\$ 517,159	
Carmax Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,631	0.06%~0.50%	\$ 3,631	
	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	35,665,722	\$ 370,000	-	\$ 372,839	
	- Franklin Templeton Sinoam Money Market Fund							
			Valuation adjustment of financial assets		2,839		-	
			Total		\$ 372,839		\$ 372,839	
Ho Tai Development Co., Ltd.	Stock - First Financial Holding Co. Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 2,109	-	\$ 2,109	
	Ho An Insurance Agency Co., Ltd. Etc.	-	"	-	\$ 3,631	0.05%~0.50%	\$ 3,631	
	President securities Corp-PGNW0085	Not applicable	Financial assets at fair value through profit or loss - current	-	\$ 248,941	-	\$ 249,021	
			Valuation adjustment of financial assets		80		-	
			Total		\$ 249,021		\$ 249,021	
Ho Tai Service & Marketing Co., Ltd	Bestaiwan Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	11,974	\$ -	0.11%	\$ -	
	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	-	\$ 30,000	-	\$ 30,557	
	- BOT Money Market Fund							
			Valuation adjustment of financial assets		557		-	
			Total		\$ 30,557		\$ 30,557	
Hotai Finance Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 3,357	0.50%	\$ 3,357	
Hotai Leasing Co., Ltd.	Ho An Insurance Agency Co., Ltd. Etc.	-	"	-	\$ 3,357	0.50%	\$ 3,357	
Hotai Connected Co., Ltd	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	3,325,555	\$ 34,602	-	\$ 34,764	
	- Franklin Templeton Sinoam Money Market Fund							
	- Mega Diamond Money Market Fund	Not applicable	"	7,974,387	100,545	-	101,096	
			Valuation adjustment of financial assets		713		-	
			Total		\$ 135,860		\$ 135,860	
Hotai Innovation marketing corporation	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	4,827,821	\$ 50,000	-	\$ 50,469	
	- Franklin Templeton Sinoam Money Market Fund							
			Valuation adjustment of financial assets		469		-	
			Total		\$ 50,469		\$ 50,469	

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Hotai Mobility Service Co., Ltd.	Beneficiary certificates	Not applicable	Financial assets at fair value through profit or loss - current	8,647,816	\$ 90,000	-	\$ 90,402	
	- Franklin Templeton Sinoam Money Market Fund							
	- Mega Diamond Money Market Fund	Not applicable	"	3,962,122	50,000	-	50,230	
	- CTBC Hwa-win Money Market Fund	Not applicable	"	6,688,569	74,342	-	74,425	
			Valuation adjustment of financial assets		715		-	
			Total		\$ 215,057		\$ 215,057	
Hotong Motor Investment Co., Ltd.	Structured deposit - Fubon Bank (China) Co., Ltd.	Not applicable	Financial assets at fair value through profit or loss - current	-	\$ 217,136	-	\$ 217,136	
	Structured deposit - Cathay United Bank	Not applicable	"	-	217,136	-	217,136	
			Total		\$ 434,272		\$ 434,272	
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	YU-TU (BVI) Finance Investment Corporation	None	Financial assets at fair value through other comprehensive income - non-current	-	\$ 21,180	10.48%	\$ 21,180	
YuCheng Transport Co.,Ltd	CTBC Hwa-win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	2,696,193	\$ 30,000	-	\$ 30,001	
			Valuation adjustment of financial assets			1		-
			Total		\$ 30,001		\$ 30,001	
ChyuanAn Transport Co.,Ltd	CTBC Hwa-win Money Market Fund	Not applicable	Financial assets at fair value through profit or loss - current	2,246,828	\$ 25,000	-	\$ 25,001	
			Valuation adjustment of financial assets			1		-
			Total		\$ 25,001		\$ 25,001	

Note: Hotai Insurance Co., Ltd. does not need to be disclosed as it is an insurance company.

Ho Tai Motor Co., Ltd.

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

Year ended December 31, 2021

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

Table 4

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2021		Addition		Disposal			Balance as at December 31, 2021			
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
Hotai Motor Co., Ltd.	Hotai Connected Co., Ltd.	Investments accounted for using equity method	Hotai Connected Co., Ltd.	Subsidiaries	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	-
Hotai Motor Co., Ltd.	Hotai AutoBody Manufacturing Co., Ltd.	Investments accounted for using equity method	Hotai AutoBody Manufacturing Co., Ltd.	Subsidiaries	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	-
Hotai Connected Co., Ltd.	Hoing Mobility Service Co., Ltd.	Investments accounted for using equity method	Hoing Mobility Service Co., Ltd.	Associates	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	-
Hotai Leasing Co., Ltd.	Hoing Mobility Service Co., Ltd.	Investments accounted for using equity method	Hoing Mobility Service Co., Ltd.	Associates	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	-
Hotai Finance Co., Ltd.	Hoyun (Shanghai) Vehicle Leasing Ltd.	Investments accounted for using equity method	Hoyun (Shanghai) Vehicle Leasing Ltd.	Subsidiaries	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	-
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	Investments accounted for using equity method	He Jing Co., Ltd.	Not applicable	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	-
Ho Tai Development Co., Ltd.	President securities Corp.-PGN0085	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	\$ 695,943	-	\$ 516,925	-	\$ 967,763	\$ 963,927	\$ 3,836	-	\$ 249,021	-
Hotong Motor Investment Co., Ltd.	Structured deposit	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	\$ -	-	\$ 651,407	-	\$ 441,462	\$ 434,271	\$ 7,191	-	\$ 217,136	-
Hotong Motor Investment Co., Ltd.	Structured deposit	Financial assets at fair value through profit or loss - current	Not applicable	Not applicable	-	\$ -	-	\$ 651,407	-	\$ 439,329	\$ 434,271	\$ 5,058	-	\$ 217,136	-

Note: Hotai Insurance Co., Ltd. does not need to be disclosed as it is an insurance company.

Ho Tai Motor Co., Ltd.

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

Year ended December 31, 2021

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

Table 5

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Hotai Finance Co., Ltd.	No. 16-4, Jiuzong Sec., Neihu Dist., Taipei City	February 4, 2021	\$ 719,500	Paid in full	Lian Hong Construction Co., Ltd.	Non-related party	-	-	-	-	Valuations by professional appraisers	Future operation demand	None
Hotai Finance Co., Ltd.	Four short sections numbered 254 in Xihu Sec., Neihu Dist., Taipei City	December 1, 2021	540,000	135,000	Elison Fashion Co., Ltd.	Non-related party	-	-	-	-	Valuations by professional appraisers	Future operation demand	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note4: In December 2021, the subsidiary, Hotai Finance Co., Ltd., entered into a real estate agreement with the non-related party to purchase land and buildings in four short sections in Xihu Sec., Neihu Dist., Taipei City. As the transfer of ownership has not been completed in the fourth quarter of 2021, they were shown as 'other non-current assets, others'.

Ho Tai Motor Co., Ltd.
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 6

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Sales	\$ 27,554,308	20%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	Normal	\$ 338,492	17%	
Ho Tai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	"	25,239,273	18%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	319,982	16%	
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	"	19,740,676	14%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	230,338	11%	
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	18,663,004	14%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	268,932	13%	
Ho Tai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	"	17,852,228	13%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	83,459	4%	
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	16,678,745	12%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	251,405	12%	
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	"	2,784,485	2%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Not applicable	"	243,890	12%	
Ho Tai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	Associates	"	2,877,404	2%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	Normal	"	26,094	1%	
Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	Subsidiary	"	2,589,884	2%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	34,037	2%	
Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	"	"	1,056,655	1%	Collection at sight	"	"	39,934	2%	
Ho Tai Motor Co., Ltd.	Hoing Mobility Service Co., Ltd	"	"	728,450	1%	Collection at sight	"	"	-	-	
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	"	"	124,251	-	Collection at sight	"	"	14,653	1%	
Ho Tai Motor Co., Ltd.	Toyota Motor Corporation	Entity controlled by the Company's key management	Purchases	42,368,272	34%	Closes its accounts 15 days after the end of each month	Not applicable	"	(3,008,307)	42%	
Ho Tai Motor Co., Ltd.	Kuozui Motors, Ltd.	Associates	"	48,030,779	38%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	(649,479)	9%	
Ho Tai Motor Co., Ltd.	Toyota Motor Asia Pacific Pte Ltd.	Entity controlled by the Company's key management	"	3,873,617	3%	Closes its accounts 15 days after the end of each month	"	"	(444,096)	6%	
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	Subsidiary	"	2,284,862	2%	Closes its accounts 16 days after the end of each month	"	"	(458,263)	6%	
Ho Tai Motor Co., Ltd.	Toyota Motor Europe - NV/SA	Entity controlled by the Company's key management	"	770,125	1%	Closes its accounts 15 days after the end of each month	"	"	(44,412)	1%	
Ho Tai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	Associates	"	886,815	1%	Closes its accounts 16 days after the end of each month	"	"	(90,472)	1%	
Ho Tai Motor Co., Ltd.	Hino Motors, Ltd.	Entity controlled by the Company's key management	"	333,605	-	Closes its accounts 15 days after the end of each month	"	"	(12,892)	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Ho Tai Motor Co., Ltd.	Toyota-Motor-Sales-USA	Entity controlled by the Company's key management	Purchases	\$ 1,060,446	1%	Closes its accounts 15 days after the end of each month	Not applicable	Normal	(\$ 18,057)	-	
Chang Yuan Motor Co., Ltd.	Hozao Enterprise Co., Ltd.	Associates	Sales	566,164	3%	14 days after invoice date	Normal	"	4,116	-	
Chang Yuan Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	219,543	1%	Closes its accounts on the next Monday and Wednesday after the end of each week	"	"	11,107	-	
Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	"	"	613,911	3%	Collection at sight	"	"	53,880	55%	
Chang Yuan Motor Co., Ltd.	Kuozui Motors, Ltd.	"	Purchases	12,278,777	69%	Closes its accounts on the next Monday and Wednesday after the end of each week	Not applicable	Not applicable	(107,970)	19%	
Chang Yuan Motor Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	2,784,485	16%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	(243,890)	42%	
Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	"	Sales	2,284,862	30%	Closes its accounts 16 days after the end of each month	Normal	Normal	458,263	31%	
Carmax Co., Ltd.	Kuozui Motors, Ltd.	Associates	"	1,085,144	15%	Closes its accounts 10 days after the end of each month	"	"	265,233	23%	
Carmax Co., Ltd.	Zhongyang Motor Co., Ltd.	"	"	289,275	4%	Closes its accounts 35 days after the end of each month	"	"	32,709	3%	
Carmax Co., Ltd.	Wang Fu Co., Ltd.	"	"	287,380	4%	Closes its accounts 35 days after the end of each month	"	"	34,498	3%	
Carmax Co., Ltd.	Innovation AUTO Parts Co., Ltd.	"	"	214,828	3%	Closes its accounts 25 days after the end of each month	"	"	8,049	1%	
Carmax Co., Ltd.	Nan I Motor Co., Ltd.	"	"	190,926	3%	Closes its accounts 90 days after the end of each month	"	"	19,463	2%	
Carmax Co., Ltd.	Chang Guan Logistics Co., Ltd.	"	"	129,353	2%	Closes its accounts 40 days after the end of each month	"	"	-	-	
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Subsidiary	Purchases	788,211	14%	Closes its accounts 10 days after the end of each month	"	"	(66,610)	8%	
Carmax Co., Ltd.	Carmax Autotech (Shanghai) Co., Ltd.	"	"	255,738	5%	Closes its accounts 30 days after the end of each month	"	"	(38,208)	5%	
Carmax Autotech (Shanghai) Co., Ltd.	Carmax Co., Ltd.	Parent company	Sales	255,738	48%	Closes its accounts 30 days after the end of each month	"	"	38,208	63%	
Carmax Autotech (Shanghai) Co., Ltd.	Hotong Motor Investment Co.,Ltd.	Associates	"	146,187	28%	Closes its accounts 30 days after the end of each month	"	"	1,216	2%	
Carmax Co., Ltd.	AIM Technology Corp.	"	Purchases	1,452,405	26%	Closes its accounts 21 days after the end of each month	"	"	(165,919)	21%	
Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	124,251	2%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	(14,653)	2%	
Hotai Leasing Co., Ltd.	Kuotu Motor Co., Ltd.	Associates	"	2,812,475	31%	Payment at sight	"	"	(6,212)	4%	Note
Hotai Leasing Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	"	1,319,549	14%	Payment at sight	"	"	-	-	"
Hotai Leasing Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	1,056,655	12%	Payment at sight	"	"	(39,934)	24%	"
Hotai Leasing Co., Ltd.	Central Motor Co., Ltd.	Associates	"	1,102,721	12%	Payment at sight	"	"	(1,094)	1%	"
Hotai Leasing Co., Ltd.	Tau Miao Motor Co., Ltd.	"	"	910,173	10%	Payment at sight	"	"	-	-	"
Hotai Leasing Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	713,914	8%	Payment at sight	"	"	-	-	"
Hotai Leasing Co., Ltd.	Chang Yuan Motor Co., Ltd.	"	"	613,911	7%	Payment at sight	"	"	(53,880)	32%	"
Hotai Leasing Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	478,140	5%	Payment at sight	"	"	(3,740)	2%	"
Hotai Leasing Co., Ltd.	Hoing Mobility Service Co., Ltd.	"	Sales	228,056	99%	Collection at sight	"	"	11,812	22%	"
Hotai Leasing Co., Ltd.	Eastern Motor Co., Ltd.	"	Purchases	136,367	1%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	(3,782)	2%	"
Hoing Mobility Service Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	728,450	47%	Payment at sight	"	"	-	-	"

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Hoing Mobility Service Co., Ltd.	Hotai Leasing Co., Ltd.	Associates	Purchases	\$ 228,056	15%	Payment at sight	Normal	Normal	(\$ 11,812)	27%	Note
Eastern Motor Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	"	2,589,884	94%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	(34,037)	76%	
Eastern Motor Co., Ltd.	Hotai Leasing Co., Ltd.	Associates	Sales	136,367	5%	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	"	"	3,782	5%	
Toyota Material Handling Taiwan Ltd.	Toyota Industries Corporation	Entity controlled by the Company's key management	Purchases	416,963	72%	Closes its accounts 15 days after the end of each month	Not applicable	"	(1,200)	-	
Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	Parent company	Sales	788,211	94%	Closes its accounts 10 days after the end of each month	Normal	"	66,610	87%	
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	Subsidiary	Purchases	368,309	4%	Closes its accounts 26 days after the end of each month	"	"	(18,400)	5%	
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	"	"	1,368	-	Closes its accounts 60 days after the end of each month	"	"	-	-	
Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	Parent company	Sales	368,309	91%	Closes its accounts 26 days after the end of each month	"	"	18,400	94%	
Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	"	"	1,368	-	Closes its accounts 60 days after the end of each month	"	"	-	-	
Hotong Motor Investment Co.,Ltd.	Carmax Autotech (Shanghai) Co., Ltd.	Associates	Purchases	146,187	87%	Closes its accounts 30 days after the end of each month	"	"	(1,216)	-	
Shanghai Heling Motor Service Co., Ltd.	Hoyun International Lease Co., Ltd.	"	Sales	176,592	4%	Collection at sight	"	"	-	-	
Shanghai Heling Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	Entity controlled by the Company's key management	Purchases	3,520,079	97%	Payment in advance	"	"	-	-	
Shanghai Hozhan Motor Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	322,207	15%	Payment in advance	"	"	-	-	
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	2,642,203	98%	Payment in advance	"	"	-	-	
Nanchang Heling Lexus Motors Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	2,044,679	82%	Payment in advance	"	"	-	-	
Shanghai Yangpu Heling Lexus Motor Sale & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	2,328,492	92%	Payment in advance	"	"	-	-	
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,257,873	97%	Payment in advance	"	"	-	-	
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Toyota Motor (China) Investment Co., Ltd.	"	"	1,813,417	96%	Payment in advance	"	"	-	-	
Tianjin Heyi International Trading Co., Ltd.	Shanghai Hozhan Motor Service Co., Ltd.	Associates	"	240,583	44%	Payment in advance	"	"	-	-	
Shanghai Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	"	Sales	240,583	10%	Payment in advance	"	"	-	-	
Hoyun International Lease Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	"	Purchases	176,592	79%	Payment at sight	"	"	-	-	

Note: Hotai Leasing Co., Ltd., Hoing Mobility Service Corporation and Hoyun International Lease Co., Ltd., purchased vehicles from parent company and associates for renting services, the related assets are reported under property, plant, and equipment.

Ho Tai Motor Co., Ltd.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	
					Amount	Action taken			
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	Associates	Accounts receivable	\$ 338,492	117.51	\$ -	-	\$ 338,492	\$ -
			Other receivables	12,283				12,283	
Ho Tai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	Accounts receivable	319,982	116.26	-	-	319,982	-
			Other receivables	10,899				10,899	
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Subsidiary	Accounts receivable	243,890	11.47	-	-	243,890	-
			Other receivables	28,042				28,042	
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Associates	Accounts receivable	230,338	123.45	-	-	230,338	-
			Other receivables	2,595				2,595	
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	Accounts receivable	251,405	103.26	-	-	251,405	-
			Other receivables	7,788				7,788	
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	Accounts receivable	268,932	110.07	-	-	268,932	-
			Other receivables	8,522				8,522	
Ho Tai Motor Co., Ltd.	Hozan Investment Co., Ltd.	"	Other receivables	103,000	-	-	-	103,000	-
Carmax Co., Ltd.	Kuozui Motors, L.	"	Accounts receivable	265,233	4.20	-	-	265,233	-
Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	Ultimate parent company	Accounts receivable	458,263	7.05	-	-	458,263	-

Ho Tai Motor Co., Ltd.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 8

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Sales revenue	\$ 2,784,485	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	1%
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Service revenue	1,619,498	Closes its accounts 16 days after the end of following two months	1%
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Accounts receivable	243,890	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	-
0	Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	1	Rent income	81,808		-
0	Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	1	Sales revenue	2,589,884	Closes its accounts on the next Monday and Wednesday after the end of each week, interest bearing from transaction date	1%
0	Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	1	Accounts payable	458,263	Closes its accounts 16 days after the end of each month	-
0	Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	1	Sales revenue	124,251	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Sales revenue	1,056,655	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hoing Mobility Service Corporation	1	Sales revenue	728,450	Collection at sight	-
0	Ho Tai Motor Co., Ltd.	Hotai Finance Co., Ltd.	1	Sales discounts and allowances	221,717	Closes its accounts 16 days after the end of each month	-
1	Chang Yuan Motor Co., Ltd.	Eastern Motor Co., Ltd.	3	Sales revenue	91,541	Collection at sight	-
1	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	1	Accounts receivable	53,880		-
1	Chang Yuan Motor Co., Ltd.	Hotai Finance Co., Ltd.	3	Sales revenue	340,622		-
1	Chang Yuan Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	613,911	Collection at sight	-
1	Chang Yuan Motor Co., Ltd.	He Jing CO., LTD.	3	Sales revenue	223,677		-
2	Eastern Motor Co., Ltd.	Hotai Finance Co., Ltd.	3	Sales revenue	548,064	Collection at sight	-
2	Eastern Motor Co., Ltd.	Hotai Leasing Co., Ltd.	3	Sales revenue	136,367		-
3	Carmax Co., Ltd.	Ho Tai Motor Co., Ltd.	3	Sales revenue	2,284,862	Closes its accounts 16 days after the end of each month	1%
3	Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	3	Accounts payable	66,610		-
4	Carmax Autotech (Shanghai) Co.,Ltd.	Hotong Motor Investment Co., Ltd.	3	Sales revenue	146,187	Closes its accounts 30 days after the end of each month	-
4	Carmax Autotech (Shanghai) Co.,Ltd.	Carmax Co., Ltd.	3	Sales revenue	255,738	Closes its accounts 30 days after the end of each month	-
5	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Other receivables	186,737		-
5	Hotong Motor Investment Co., Ltd.	Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	255,004		-
5	Hotong Motor Investment Co., Ltd.	Tianjin Hozhan Motor Service Co., Ltd.	3	Other payables	138,359		-
5	Hotong Motor Investment Co., Ltd.	Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	137,143		-
5	Hotong Motor Investment Co., Ltd.	Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	86,463		-
5	Hotong Motor Investment Co., Ltd.	Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	216,354		-
5	Hotong Motor Investment Co., Ltd.	Nanchang Heling Lexus Motor Sales & Service Co., Ltd.	3	Other payables	247,708		-
5	Hotong Motor Investment Co., Ltd.	Shanghai Hochen Motor Technology Co., Ltd.	3	Other receivables	169,105		-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
5	Hotong Motor Investment Co., Ltd.	Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	3	Other payables	\$ 71,828		-
5	Hotong Motor Investment Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Other receivables	738,261		-
5	Hotong Motor Investment Co., Ltd.	Shanghai Jiading Heling Lexus Motor Service Co.,Ltd.	3	Other payables	77,952		-
5	Hotong Motor Investment Co., Ltd.	Shanghai Heling Motor Service Co., Ltd.	3	Sales revenue	60,871		-
6	Shanghai Hoyu Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	76,458		-
7	SHANGHAI YANGPU HELING MOTOR SALE & SERVICE CO., LTD.	Hoyun International Lease Co., Ltd.	3	Sales revenue	94,012		-
8	Shanghai Heling Motor Service Co., Ltd.	Hoyun International Lease Co., Ltd.	3	Sales revenue	176,592		-
9	Shanghai Hozhan Motor Service.Co.,Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	240,583	Prepayments to suppliers	-
9	Shanghai Hozhan Motor Service.Co.,Ltd.	Nanjing HoZhan Motor Sales and Service Co.,LTD.	3	Sales revenue	63,388	Prepayments to suppliers	-
10	Hotai Leasing Co., Ltd.	Hoing Mobility Service Corporation	3	Sales revenue	228,056	Collection at sight	-
11	Ho Tai Service & Marketing Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	1,368	Closes its accounts 60 days after the end of each month	-
12	Ho Tai Parts & Accessories Co., Ltd.	Ho Tai Development Co., Ltd.	3	Sales revenue	368,309		-
13	Hotai AutoBody Manufacturing Co., Ltd.	Chang Yuan Motor Co., Ltd.	3	Sales revenue	70,482		-
14	Hoing Mobility Service Corporation	Hotai Leasing Co., Ltd.	3	Rent income	84,931		-
15	Hotai Connected Co., Ltd	Ho Tai Motor Co., Ltd.	2	Service revenue	176,280		-
16	Hoyun International Lease Co., Ltd.	Hoyun (Shanghai) Vehicle Leasing Ltd.	3	Property, plant and equipment; other non-current assets, others	469,140	Based on the agreement	-
17	Nanjing HoZhan Motor Sales and Service Co.,LTD.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	47,354		-
18	Smart Design Technology Co., Ltd.	Carmax Co., Ltd.	3	Sales revenue	788,211		-
19	Tianjin Hozhan Motor Service Co., Ltd.	Tianjin Heyi International Trading Co., Ltd.	3	Sales revenue	61,214		-

Note 1 : The numbers filled for inter-company transactions are as follows:

- 1.The parent company is numbered "0".
- 2.The subsidiaries are numbered starting from "1".

Note 2 : The relationships among the transaction parties are as follows:

- 1.The parent company to the subsidiary.
- 2.The subsidiary to the parent company.
- 3.The subsidiary to another subsidiary.

Note 3 : The percentage of transaction amount over consolidated total revenues or total assets is as follows:

Assets and liabilities are calculated using the ending balance over the consolidated total assets at ending period;
Sales is calculated using the amount of the period over the consolidated total revenue of the period.

Ho Tai Motor Co., Ltd.
Names, locations and other information of investee companies (not including investees in Mainland China)
Year ended December 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 9

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by the Company for the year ended December 31, 2021	Footnote
				Balance at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Ho Tai Motor Co., Ltd.	Hozan Investment Co., Ltd.	Taiwan	General investment	\$ 7,201,122	\$ 7,201,122	-	100.00	\$ 23,596,865	\$ 3,181,840	\$ 3,171,661	Subsidiary
Ho Tai Motor Co., Ltd.	Kuozui Motors, Ltd.	"	Sales of vehicles and parts and manufacturing of vehicles	4,390,907	4,390,907	103,800,000	30.00	5,242,021	3,335,506	1,000,505	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Shanghai Ho-Yu (BVI) Investment Co., Ltd.	British Virgin Islands	General investment	3,014,279	3,014,279	108,897,360	100.00	9,256,665	1,349,567	1,349,567	Subsidiary
Ho Tai Motor Co., Ltd.	Chang Yuan Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	326,463	326,463	313,500,000	100.00	4,494,197	609,375	609,375	"
Ho Tai Motor Co., Ltd.	Central Motor Co., Ltd.	"	"	2,098,966	2,098,966	15,000,000	20.00	2,649,211	789,055	154,737	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Ho Tai Development Co., Ltd.	"	Agent for sales of air conditioning system and contracting of air conditioning construction	73,787	73,787	24,710,856	45.01	3,411,607	1,364,479	613,763	Subsidiary
Ho Tai Motor Co., Ltd.	Tau Miao Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	1,324,655	1,324,655	15,153,573	20.00	1,673,305	744,007	144,128	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Kau Du Automobile Co., Ltd.	"	"	1,236,592	1,236,592	22,161,150	20.00	1,408,476	411,461	76,089	"
Ho Tai Motor Co., Ltd.	Carmax Co., Ltd.	"	Trading of vehicle products/accessories	153,030	153,030	22,950,000	51.00	1,573,014	1,064,917	543,107	Subsidiary
Ho Tai Motor Co., Ltd.	AIM Technology Corp.	"	"	16,500	16,500	1,650,000	15.00	17,471	6,415	962	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Taipei Toyota Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	201,700	201,700	25,438,987	34.81	1,197,311	448,938	156,275	"
Ho Tai Motor Co., Ltd.	Kuotu Motor Co., Ltd.	"	"	1,010,667	1,010,667	17,553,761	20.18	1,315,675	656,235	132,428	"
Ho Tai Motor Co., Ltd.	Nan Du Motor Co., Ltd.	"	"	186,851	186,851	14,806,073	23.67	1,130,250	616,305	145,879	"
Ho Tai Motor Co., Ltd.	Toyota Material Handling Taiwan Ltd.	"	Sales of vehicles and parts for industry use	50,000	50,000	70,597,690	100.00	1,030,626	160,377	160,377	Subsidiary
Ho Tai Motor Co., Ltd.	Eastern Motor Co., Ltd.	"	Sales of vehicles and parts and repairing of vehicles	80,000	80,000	39,268,179	100.00	447,486	27,196	27,196	"
Ho Tai Motor Co., Ltd.	Lang Yang Toyota Motor Co., Ltd.	"	"	256,000	256,000	2,000,000	20.00	301,184	78,604	15,038	Investee company accounted for using the equity method
Ho Tai Motor Co., Ltd.	Formosa Flexible Packaging Corp.	"	Production and marketing of packaging products	87,520	87,520	1,295,108	44.44	394,678	39,091	17,372	"
Ho Tai Motor Co., Ltd.	Shi-Ho Screw Industrial Co., Ltd.	"	Manufacturing and sales of precision screws	7,400	7,400	211,433	21.14	126,413	32,906	6,956	"
Ho Tai Motor Co., Ltd.	Yokohama Tire Taiwan Co., Ltd.	"	Import and export of all kinds of tires and inner tubes	3,000	3,000	3,000	25.00	114,033	124,371	31,093	"
Ho Tai Motor Co., Ltd.	Smart Design Technology Co., Ltd.	"	Electronic parts and components manufacturing	10,763	10,763	960,961	20.00	34,961	62,531	12,506	Subsidiary
Ho Tai Motor Co., Ltd.	Hotai Connected Co., Ltd	"	E-commerce platform services	879,060	579,060	113,000,000	100.00	722,874	(83,307)	(83,307)	"
Ho Tai Motor Co., Ltd.	Hotai AutoBody Manufacturing Co., Ltd.	"	Car assembly business	500,000	-	50,000,000	50.00	500,556	845	556	"
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Tienjin Ho Yu Investment Co., Ltd.	British Virgin Islands	General investment	96,880	96,880	3,500,000	70.00	161,410	22,260	-	An indirect wholly-owned subsidiary
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	Beijing Ho-Yu (BVI) Investment Co., Ltd.	"	"	33,216	33,216	1,200,000	40.00	-	-	-	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Hotai Finance Co., Ltd.	Taiwan	Installment trading and leasing of various vehicles	62,003	62,003	233,782,831	45.39	10,350,024	3,141,443	-	An indirect wholly-owned subsidiary
Hozan Investment Co., Ltd.	Hotai Leasing Co., Ltd.	"	Leasing of vehicles	181,907	181,907	83,629,381	66.04	3,197,964	993,827	-	"
Hozan Investment Co., Ltd.	Hozao Enterprise Co., Ltd.	"	Installment trading of various vehicles	34,756	34,756	3,823,128	18.29	393,041	63,394	-	Subsidiary's investee company accounted for using the equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by the Company for the year ended December 31, 2021	Footnote
				Balance at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Hozan Investment Co., Ltd.	Taipei Toyota Motor Co., Ltd.	Taiwan	Sales of vehicles and parts and repairing of vehicles	\$ 77	\$ 77	2,000	-	\$ 118	\$ 448,938	\$ -	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Hotai Insurance Co., Ltd.	"	Property and casualty insurance services	6,831,887	6,831,887	19,960,531	99.80	9,311,799	968,074	-	An indirect wholly-owned subsidiary
Hozan Investment Co., Ltd.	Heng Yun Investment Co., Ltd.	"	General investment	298,864	298,864	20,470,156	40.00	329,674	111,309	-	Subsidiary's investee company accounted for using the equity method
Hozan Investment Co., Ltd.	Hotai Innovation Marketing Co., Ltd.	"	Retail and wholesale of collections	-	10,000	-	-	-	91,889	-	An indirect wholly-owned subsidiary
Hotai Finance Co., Ltd.	Hoyun International Limited	British Virgin Islands	General investment	1,118,272	1,118,272	40,400,000	50.50	2,290,886	788,075	-	"
Hotai Leasing Co., Ltd.	Hoyun International Limited	"	"	1,096,128	1,096,128	39,600,000	49.50	2,244,683	788,075	-	"
Hotai Finance Co., Ltd.	Hoing Mobility Service Co., Ltd.	Taiwan	Leasing of vehicles	310,000	310,000	31,000,000	50.82	315,946	1,817	-	"
Hotai Leasing Co., Ltd.	Hoing Mobility Service Co., Ltd.	"	"	-	300,000	-	-	-	1,817	-	"
Hotai Connected Co., Ltd.	Hoing Mobility Service Co., Ltd.	"	"	300,000	-	30,000,000	49.18	305,750	1,817	-	"
Hotai Connected Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	Taxi dispatch service	180,000	180,000	18,000,000	41.10	152,657 (	57,520)	-	"
Hotai Finance Co., Ltd.	Hotai Mobility Service Co., Ltd.	"	"	120,000	120,000	12,000,000	27.40	103,148 (	57,520)	-	"
Hotai Finance Co., Ltd.	He Jing Co., Ltd.	"	Installment trading of various vehicles	810,000	-	81,000,000	81.00	800,442 (	11,800)	-	"
Hotai Mobility Service Co., Ltd.	ChyuanAn Transport Co., Ltd.	"	Taxi service	9,748	9,748	3,400,000	100.00	35,435 (	328)	-	"
Hotai Mobility Service Co., Ltd.	YuCheng Transport Co., Ltd.	"	"	39,225	39,225	7,000,000	100.00	97,067 (	222)	-	"
Ho Tai Development Co., Ltd.	Ichiban International Co., Ltd.	Samoa	General investment	83,040	83,040	3,000,000	100.00	106,874	244	-	"
Ho Tai Development Co., Ltd.	Ho Tai Service & Marketing Co., Ltd.	Taiwan	Repairing of air conditioning equipment and trading of their parts	100,000	100,000	27,190,239	100.00	777,489	90,520	-	"
Ho Tai Development Co., Ltd.	Kashiwabara Hotai Taiwan Co., Ltd.	"	Wholesale and retail of paints and coating	26,820	26,820	882,000	24.50	6,710 (	13,042)	-	Subsidiary's investee company accounted for using the equity method
Ho Tai Development Co., Ltd.	Ho Tai Parts & Accessories Co., Ltd.	"	Trading of air conditioning equipment and their parts	50,000	50,000	5,000,000	100.00	95,765	29,367	-	An indirect wholly-owned subsidiary
Ho Tai Development Co., Ltd.	3A Express Co., Ltd.	"	Freight forwarders	51,000	51,000	5,100,000	51.00	93,121	58,263	-	"
3A Express Co., Ltd.	Long Hao Removal Transport Services Co., Ltd.	"	"	10,000	10,000	1,000,000	100.00	17,979	6,317	-	"
3A Express Co., Ltd.	Ho Tai Transportation Co., Ltd.	"	"	25,000	25,000	2,500,000	100.00	50,168	23,403	-	"
3A Express Co., Ltd.	Ho Tai Crane Engineering Co., Ltd.	"	"	-	4,000	-	-	-	9,589	-	"
3A Express Co., Ltd.	Long Ho Crane Engineering Co., Ltd.	"	Crane and hoist services engineering and transportation and storage	-	7,000	-	-	-	9,147	-	"
3A Express Co., Ltd.	Long Hao Crane Engineering Co., Ltd.	"	"	-	3,000	-	-	-	9,857	-	"
Ho Tai Service & Marketing Co., Ltd.	Kashiwabara Hotai Taiwan Co., Ltd.	"	Wholesale and retail of paints and coating	8,820	8,820	882,000	24.50	8,121 (	13,042)	-	Subsidiary's investee company accounted for using the equity method
Ichiban International Co., Ltd.	Air Master International Co., Ltd.	Samoa	General investment	83,040	83,040	3,000,000	100.00	106,860	252	-	An indirect wholly-owned subsidiary
Carmax Co., Ltd.	Smart Design Technology Co., Ltd.	Taiwan	Electronic parts and components manufacturing	33,242	33,242	2,968,016	61.77	111,291	62,531	-	Subsidiary
Carmax Co., Ltd.	AIM Technology Corp.	"	Trading of vehicle products and accessories	38,500	38,500	3,850,000	35.00	40,765	6,415	-	Subsidiary's investee company accounted for using the equity method
Eastern Motor Co., Ltd.	Doroman Autoparts Co., Ltd.	"	Wholesale and retail of vehicles parts and accessories	500	500	138,718	100.00	10,624	4,542	-	An indirect wholly-owned subsidiary
Eastern Motor Co., Ltd.	Daleon Auto Parts And Accessories Corporation	"	"	500	500	50,000	100.00	769	269	-	"
Chang Yuan Motor Co., Ltd.	Hotai AutoBody Manufacturing Co., Ltd.	"	Car assembly business	200,000	-	20,000,000	20.00	200,216	845	-	Subsidiary
Hotai AutoBody Manufacturing Co., Ltd.	Hotai AutoBody Sales Co., Ltd.	"	Sales of vehicle bodies	40,000	-	4,000	100.00	37,490 (	2,510)	-	An indirect wholly-owned subsidiary

Ho Tai Motor Co., Ltd.
Information on investments in Mainland China-Basic information
Year ended December 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 10

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021	Book value of investment in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
				Remitted to Mainland China	Remitted back to Taiwan										
Hotong Motor Investment Co., Ltd.	Operation decision making, capital using and financial management, information services, employee trainings and other services	\$ 3,544,286	Note 2	\$ 1,700,936	\$ -	\$ -	\$ 1,700,936	\$ 1,334,153	100.00	\$ 1,334,153	\$ 9,062,774	\$ -	Note 2.1		
Shanghai Hoyu Motor Service Co., Ltd.	Sales and repairing of vehicles	93,282	"	93,282	-	-	93,282	141,302	100.00	141,302	484,946	-	"		
ChongQing Yuou Toyota Automobile Sales & Service Co., Ltd.	"	130,281	"	10,172	-	-	10,172	-	10.48	-	10,172	-	Note 2.2		
Beijing Hoyu Toyota Motor Sales & Service Co., Ltd.	"	83,040	"	27,680	-	-	27,680	-	40.00	-	-	-	"		
Chongqing Heling Lexus Motor Sales & Service Co., Ltd.	"	166,080	"	166,080	-	-	166,080	205,086	100.00	205,086	513,533	-	Note 2.1		
Shanghai Hozhan Motor Service Co., Ltd.	"	83,040	"	83,040	-	-	83,040	48,604	100.00	48,604	178,704	-	"		
Tianjin Ho-Yu Motor Sales & Service Co., Ltd.	"	138,400	"	96,880	-	-	96,880	22,260	70.00	15,582	161,410	-	"		
Shanghai Heling Motor Service Co., Ltd.	"	96,880	Note 3	72,660	-	-	72,660	485,701	100.00	485,701	1,277,140	-	"		
ChongQing Yurun Toyota Automobile Service Co., Ltd.	"	130,281	Note 2	10,899	-	-	10,899	-	10.48	-	10,899	26,106	Note 2.2		
Shanghai Ho-Qian Logistics Equipment Trading Co., Ltd.	Sales of vehicles and parts for industry use	166,080	"	166,080	-	-	166,080	12,889	100.00	12,889	181,185	-	Note 2.1		
Zaozhuang Ho-Yu Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	377,832	"	257,424	-	-	257,424	28,642	100.00	28,642	259,315	-	"		
Zaozhong Ho-Wan Motor Sales & Service Co., Ltd.	"	43,427	Note 3	-	-	-	-	2,612	100.00	2,612	47,996	-	"		
Tangshan Heling Lexus Motor Sales & Service Co., Ltd.	"	160,544	Note 2	160,544	-	-	160,544	113,048	100.00	113,048	357,629	-	"		
Nanchang Heling Lexus Motors Sales & Service Co., Ltd.	"	179,920	"	179,920	-	-	179,920	206,129	100.00	206,129	455,324	-	"		
Hoyun International Lease Co., Ltd.	Leasing, wholesale, retail of and support service for vehicles	2,214,400	"	2,214,400	-	-	2,214,400	788,075	55.61	438,270	2,522,267	-	"		
Hoyun (Shanghai) Commercial Factoring Co., Ltd.	Factoring services	217,136	Note 3	-	-	-	-	6,018	55.61	3,347	139,593	-	"		
Hoyun (Shanghai) Vehicle Leasing Ltd.	Leasing of cars	651,407	Note 3	-	-	-	-	11,965	55.61	6,654	298,783	-	"		
He Zhan Development Co., Ltd.	Trading of air conditioning equipment	83,040	Note 2	83,040	-	-	83,040	252	45.01	113	48,095	-	Note 2.2		
Tianjin Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	332,160	Note 3	-	-	-	-	145,258	100.00	145,258	512,788	-	Note 2.1		
Tianjin Hozhan Motor Service Co., Ltd.	"	297,909	"	-	-	-	-	22,664	100.00	22,664	312,258	-	"		
Linyi Hoyu Toyota Motor Sales & Service Co., Ltd.	"	332,160	"	-	-	-	(1,381)	(1,381)	35.00	(483)	58,979	-	Note 2.2		
Carmax Autotech (Shanghai) Co., Ltd.	Trading of vehicle products/accessories	36,814	Note 1	36,814	-	-	36,814	49,126	51.00	25,054	155,494	-	"		
Guangzhou Gac Changho Autotech Corporation	"	88,391	"	39,776	-	-	39,776	42,072	22.95	9,655	41,272	131,149	"		
Linyi Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	276,800	Note 3	-	-	-	-	81,711	35.00	28,599	142,902	-	"		
Taizhou Zhongdu Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	415,200	Note 3	-	-	-	-	70,963	35.00	24,837	202,152	-	Note 2.3		
Beijing Heling Lexus Motor Sales & Service Co., Ltd.	"	332,160	"	-	-	-	-	85,418	35.00	29,896	197,825	-	Note 2.2		

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021	Book value of investment in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Remitted to Mainland China							
Jinzhong Central Toyota Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	\$ 387,520	Note 3	\$ -	\$ -	\$ -	(\$ 10,691)	35.00	(\$ 3,742)	\$ 51,213	\$ -	Note 2.3
Shanghai Hede Used Vehicle Co., Ltd.	Trading of used vehicles	18,239	"	-	-	-	(37,773)	71.43	(26,981)	895	-	Note 2.1
Shanghai Guangxin Cultural Media Co., Ltd.	Design and production of advertisements	4,343	"	-	-	-	743	100.00	743	10,621	-	"
Shanghai Yangpu Heling Lexus Motor Sales & Service Co., Ltd.	Sales and repairing of vehicles	464,238	"	-	-	-	158,162	100.00	154,044	699,533	-	"
Shanghai Ho-Mian Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	998,821	"	-	-	-	(1,905)	100.00	(1,905)	976,656	-	"
Shanghai Hoxin Motor Service Consulting Co.,Ltd.	Consulting service and property management	13,028	"	-	-	-	3,023	100.00	3,023	12,946	-	"
Tianjin Heyi International Trading Co., Ltd.	Sales of imported vehicles	86,854	"	-	-	-	12,790	100.00	12,790	109,862	-	"
Chongqing Taikang Heling Lexus Motor Sales & Service Co.,Ltd.	Sales and repairing of vehicles	43,427	"	-	-	-	(32,325)	50.00	(16,163)	973	-	"
Shanghai HoChen Motor Technology Co., Ltd.	Trading of vehicle products/accessories and property management	276,800	"	-	-	-	(7,965)	100.00	(7,965)	291,518	-	"
Shanghai Jiading Heling Lexus Motor Service Co., Ltd.	Sales and repairing of vehicles	290,640	"	-	-	-	(997)	100.00	(997)	303,147	-	"
Tianjin Binhai Heling LEXUS Motor Service Co.,Ltd.	Sales and repairing of vehicles	130,281	"	-	-	-	8,901	35.00	3,115	42,183	-	Note 2.2
Tianjin Yongda Communication Technology Co., LTD.	Trading of vehicle products / accessories and property management	255,264	"	-	-	-	(1,102)	35.00	(7,785)	168,318	-	"
Nanjing HoZhan Motor Sales and Service Co.,LTD.	Sales and repairing of vehicles	130,281	"	-	-	-	(7,331)	70.00	(5,132)	90,916	-	Note 2.1
Taiyuan Zhongdu Heling LEXUS Motor Sales & Service Co., Ltd.	"	119,024	"	-	-	-	(8,966)	35.00	(3,138)	42,142	-	Note 2.3
Shanghai Zhongxin Means of Transportation Engineering Co.,Ltd.	Property management	21,714	"	-	-	-	8,274	100.00	(4,858)	480,691	-	Note 2.1
Shanghai Fengyi Construction Decoration Co.,Ltd.	"	243,191	"	-	-	-	20,772	70.00	680	639,058	-	"
Shanghai Hekang Equipment Leasing Co., Ltd.	Leasing business	738,259	"	-	-	-	-	100.00	-	738,259	-	"

Note 1: The investmets are classified as follows:

- (1) Direct investment in Mainland China.
- (2) Investment in Mainland China companies through a company invested and established in a third region.
- (3) Others.

Note 2:The amount of investment income (loss) recognized for the year ended December 31 2021 is based on:

- (1) The financial statements were reviewed by R.O.C parent company's CPA.
- (2) The financial statements were reviewed by other auditors in PricewaterhouseCoopers, Taiwan.
- (3) Others - the self-prepared financial statements that were not reviewed by auditors.

Note 3: Related amounts in the following table are expressed in NT\$.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Ho Tai Motor Co., Ltd.	\$ 2,873,872	\$ 5,801,412	\$ 56,679,579

Ho Tai Motor Co., Ltd.
Major shareholders information
Year ended December 31, 2021

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Ho Yu Investment Co., Ltd.	48,267,625	8.83%
Toyota Motor Corporation	44,406,112	8.13%
Li Gang Enterprise Co., Ltd.	40,569,353	7.42%
Jin Yuan Shan Investment Co., Ltd.	36,071,520	6.60%

HO TAI MOTOR CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 1

Items	Description	Amount
Petty cash		\$ 330
Checking accounts		56,392
Demand deposits		
-NTD		1,658,575
-USD	USD 440 thousand, conversion rate 27.68	12,180
-JPY	JPY 66,654 thousand, conversion rate 0.2405	16,030
Time deposits		1,300,000
Cash equivalents-short-term notes and bills		6,085,071
		<u>\$ 9,128,578</u>

HO TAI MOTOR CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

STATEMENT 2

Items	Amount		Footnote
	Cost	Net realizable value	
Vehicles	\$ 2,771,361	\$ 2,771,361	
Parts	680,241	590,440	
Inventory in transit	1,029,087	1,029,087	
	4,480,689	\$ 4,390,888	
Less: Allowance for inventory obsolescence	(89,801)		
	\$ 4,390,888		

HO TAI MOTOR CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 3

Investee	Balance at January 1, 2021		Additions		Deductions		Balance at December 31, 2021			Net equity value		Collateral pledged
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Ownership (%)	Amount	Unit price (In dollars)	Total amount	
Hozan Investment Co., Ltd.	-	\$ 21,586,019	-	\$ 3,434,822	-	(\$ 1,423,976)	-	100.00%	\$ 23,596,865	\$ -	\$ 23,607,682	None
Kuozui Motors, Ltd.	103,800,000	4,590,681	-	1,077,103	-	(425,763)	103,800,000	30.00%	5,242,021	51	5,255,928	"
Chang Yuan Motor Co., Ltd.	313,500,000	4,311,113	-	591,935	-	(408,851)	313,500,000	100.00%	4,494,197	15	4,599,294	"
Shanghai Ho-Yu (BVI) Investment Co., Ltd.	108,897,360	7,952,833	-	1,349,566	-	(45,734)	108,897,360	100.00%	9,256,665	85	9,255,842	"
Central Motor Co., Ltd.	15,000,000	2,609,115	-	151,688	-	(111,592)	15,000,000	20.00%	2,649,211	121	1,810,134	"
Ho Tai Development Co., Ltd.	24,710,856	2,933,561	-	614,229	-	(136,183)	24,710,856	45.01%	3,411,607	139	3,446,247	"
Tau Miau Motor Co., Ltd.	15,153,573	1,608,001	-	141,167	-	(75,863)	15,153,573	20.00%	1,673,305	82	1,249,762	"
Kau Du Automobile Co., Ltd.	22,161,150	1,392,909	-	71,639	-	(56,072)	22,161,150	20.00%	1,408,476	42	934,510	"
Carmax Co., Ltd.	22,950,000	1,379,937	-	543,299	-	(350,222)	22,950,000	51.00%	1,573,014	68	1,560,036	"
Taipei Toyota Motor Co., Ltd.	25,438,987	1,157,149	-	156,234	-	(116,072)	25,438,987	34.81%	1,197,311	56	1,423,015	"
Kuotu Motor Co., Ltd.	17,553,761	1,238,822	-	130,361	-	(53,508)	17,553,761	20.18%	1,315,675	76	1,327,353	"
Nan Du Motor Co., Ltd.	14,806,073	1,086,633	-	142,823	-	(99,206)	14,806,073	23.67%	1,130,250	77	1,139,126	"
Toyota Material Handling Taiwan Ltd.	70,597,690	981,292	-	160,378	-	(111,043)	70,597,690	100.00%	1,030,627	15	1,030,626	"
Eastern Motor Co., Ltd.	35,401,756	423,010	-	24,476	-	-	35,401,756	100.00%	447,486	13	454,621	"
Lang Yang Toyota Motor Co., Ltd.	2,000,000	301,130	-	14,254	-	(14,200)	2,000,000	20.00%	301,184	87	173,018	"
Formosa Flexible Packaging Corp.	1,295,108	378,824	-	20,201	-	(4,347)	1,295,108	44.44%	394,678	316	409,502	"
Shi-Ho Screw Industrial Co., Ltd.	211,433	125,983	-	6,956	-	(6,526)	211,433	21.14%	126,413	580	122,633	"
Yokohama Tire Taiwan Co., Ltd.	3,000	112,940	-	31,093	-	(30,000)	3,000	25.00%	114,033	39,251	117,753	"
AIM Technology Corp.	1,650,000	16,582	-	963	-	(74)	1,650,000	15.00%	17,471	11	17,471	"
Hotai Connected Co., Ltd.	83,000,000	551,522	30,000,000	300,000	-	(128,648)	113,000,000	100.00%	722,874	6	722,874	"
Smart Design Technology Co., Ltd.	960,961	28,220	-	12,506	-	(5,766)	960,961	20.00%	34,960	36	34,822	"
Hotai AutoBody Manufacturing Co.,Ltd	-	-	50,000,000	500,556	-	-	50,000,000	50.00%	500,556	10	500,343	"
		<u>\$ 54,766,276</u>		<u>\$ 9,476,249</u>		<u>(\$ 3,603,646)</u>			<u>\$ 60,638,879</u>			

HO TAI MOTOR CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-COST
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

Items	Balance as of January 1, 2021	Additions	Deductions	Reclassifications	Balance as of December 31, 2021	Guaranteed or Pledged as collateral
Land						
Cost	\$ 2,143,310	\$ -	\$ -	(\$ 182,842)	\$ 1,960,468	None
Less: Accumulated impairment	(26,850)	-	-	-	(26,850)	"
Subtotal	2,116,460				1,933,618	"
Revaluation gain	931,497	-	-	-	931,497	"
Buildings and structures						
Cost	1,269,516	7,135	-	9,377	1,286,028	"
Revaluation gain	96	-	-	-	96	"
Utility equipment	130,946	985	-	1,156	133,087	"
Office equipment	560,999	25,051	(13,311)	5,380	578,119	"
Others	15,005	-	(171)	-	14,834	"
Rental assets	78,612	-	-	-	78,612	"
Construction in progress	5,474	5,553	-	(6,536)	4,491	"
	<u>\$ 5,108,605</u>	<u>\$ 38,724</u>	<u>(\$ 13,482)</u>	<u>(\$ 173,465)</u>	<u>\$ 4,960,382</u>	

HO TAI MOTOR CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT – ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 5

Items	Balance as of January 1, 2021	Additions	Deductions	Reclassifications	Balance as of December 31, 2021	Footnote
Buildings and structures	\$ 783,617	\$ 36,246	\$ -	\$ 5,745	\$ 825,608	
Utility equipment	128,671	546	-	-	129,217	
Office equipment	455,466	27,385	(7,435)	-	475,416	
Others	7,067	1,950	(171)	-	8,846	
Rental assets	78,382	45	-	-	78,427	
	<u>\$ 1,453,203</u>	<u>\$ 66,172</u>	<u>(\$ 7,606)</u>	<u>\$ 5,745</u>	<u>\$ 1,517,514</u>	

HO TAI MOTOR CO., LTD.
STATEMENT OF CHANGES IN INVESTMENT PROPERTY - COST
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 6

Items	Balance as of January 1, 2021	Additions	Deductions	Reclassifications	Balance as of December 31, 2021	Guaranteed or Pledged as collateral
Land						
Cost	\$ 755,900	\$ -	\$ -	\$ 182,842	\$ 938,742	None
Revaluation gain	742,263	-	-	-	742,263	"
Buildings and structures						
Cost	1,487,926	235	-	(9,377)	1,478,784	"
Revaluation gain	11,983	-	-	-	11,983	"
	<u>\$ 2,998,072</u>	<u>\$ 235</u>	<u>\$ -</u>	<u>\$ 173,465</u>	<u>\$ 3,171,772</u>	

HO TAI MOTOR CO., LTD.
STATEMENT OF CHANGES IN INVESTMENT PROPERTY – ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

STATEMENT 7

<u>Items</u>	<u>Balance as of January 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Reclassifications</u>	<u>Balance as of December 31, 2021</u>	<u>Footnote</u>
Buildings and structures	\$ 546,844	\$ 32,073	\$ -	(\$ 5,745)	\$ 573,172	

HO TAI MOTOR CO., LTD.
STATEMENT OF SHORT-TERM LOANS
December 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 8

<u>Type</u>	<u>Description</u>	<u>Balance as of December 31, 2021</u>	<u>Contract period</u>	<u>Range of interest rate (%)</u>	<u>Loans Commitments</u>	<u>Pledges or collaterals</u>
Unsecured borrowings	Mizuho Bank Ltd. (foreign currency)	\$ 1,068,963	2021/12/15~2022/1/17	0.68%	\$ 6,000,000	None
	MUFG Bank, Ltd., Taipei Branch (foreign currency)	1,660,800	2021/12/15~2022/1/14	0.66%	1,660,800	"
	Sumitomo Mitsui Banking Corporation Taipei Branch (foreign currency)	415,200	2021/12/15~2022/1/10	0.65%	525,920	"
		<u>\$ 3,144,963</u>				

Note: Interest rate between 0.65%~0.68%.

HO TAI MOTOR CO., LTD.
STATEMENT OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 9

Items	Quantity	Amount	Footnote
Revenue from contracts with customers:			
Sales revenue of vehicles			
Sedan	134,294 cars	\$ 124,076,367	
Others	1,280 cars	1,831,188	
Sales revenue of parts		12,729,686	
Others		<u>1,688,885</u>	
Subtotal		140,326,126	
Sales returns and allowance		(<u>1,453,886</u>)	
		<u>\$ 138,872,240</u>	

HO TAI MOTOR CO., LTD.
STATEMENT OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

STATEMENT 10

Items	Description	Amount	Footnote
Initial inventories		\$ 6,974,835	
Add: Merchandise purchase		122,780,328	
Others		864,385	
Less: Ending inventories		(4,480,689)	
Reclassified to fixed assets and expenses		(16,857)	
Loss on physical inventory observation		(16)	
Others		(5,473)	
Operating costs		<u>\$ 126,116,513</u>	

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HO TAI MOTOR CO., LTD.
STATEMENT OF SELLING EXPENSES
YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

STATEMENT 11

Items	Description	Amount	Footnote
Wages and salaries		\$ 627,534	Including pension costs
Advertisement expense		649,309	
Freight		298,718	
Miscellaneous		543,644	The amount of each item in others does not exceed 5% of the account balance.
		<u>\$ 2,119,205</u>	

HO TAI MOTOR CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

STATEMENT 12

Items	Description	Amount	Footnote
Wages and salaries		\$ 1,030,324	Including pension costs
Directors' remuneration		402,588	
Advertisement expense		261,292	
Others		354,437	The amount of each item in others does not exceed 5% of the account balance.
		<u>\$ 2,048,641</u>	

HO TAI MOTOR CO., LTD.
SUMMARY OF EMPLOYEE BENEFITS EXPENSES, DEPRECIATION AND AMORTIZATION BY FUNCTION
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT 13

By nature \ By function	Years ended December 31,					
	2021			2020		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ -	\$ 1,629,449	\$ 1,629,449	\$ -	\$ 1,594,959	\$ 1,594,959
Labour and health insurance fees	-	73,153	73,153	-	65,768	65,768
Pension costs	-	28,409	28,409	-	28,401	28,401
Directors' remuneration	-	402,588	402,588	-	350,874	350,874
Other employee benefit expenses	-	104,149	104,149	-	106,999	106,999
Subtotal	-	2,237,748	2,237,748	-	2,147,001	2,147,001
Depreciation	-	104,054	104,054	-	96,972	96,972
Amortization	-	-	-	-	-	-

Note:

A. As at December 31, 2021 and 2020, the Company had 575 and 565 employees, including 12 and 12 non-employee directors, respectively.

B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :

- (a) Average employee benefit expense in current year was \$3,260 ((Total employee benefit expense in current year–Total directors' compensation in current year)/(Number of employees in current year–Number of non-employee directors in current year)).
Average employee benefit expense in previous year was \$3,248 ((Total employee benefit expense in previous year–Total directors' compensation in previous year)/(Number of employees in previous year – Number of non-employee directors in previous year)).
- (b) Average employee salaries in current year was \$2,894 (Total employee salaries in current year / (Number of employees in current year–Number of non-employee directors in current year)).
Average employee salaries in previous year was \$2,884 (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).
- (c) Adjustments of average employee salaries was 0.35% ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).

HO TAI MOTOR CO., LTD.
SUMMARY OF EMPLOYEE BENEFITS EXPENSES, DEPRECIATION AND AMORTIZATION BY FUNCTION
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT 13

- (d) The Company has no supervisors' remuneration as it had set up an audit committee.
- (e) The Company's salary and remuneration policy includes salary, bonus and employees' compensation. Salary shall be paid according to the Company's compensation regulation for employees. Bonus and employees' compensation are assessed according to the performance assessment regulation for employee. Different grades of performance appraisal are assessed by taking into account the overall operating performance of the Company, the future operational risks and development trends of the industry as well as the achievement rate of individual performance to link the performance bonus and employees' compensation. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as employees' compensation in 1%.
- (f) The emolument of the managers of the Company shall be reviewed by the remuneration committee and the Board of Directors of the Company, and the emolument system was reviewed timely based on the actual operating situation and relevant laws and regulations to balance the Company's sustainable operation and risk management.
- (g) In accordance with the Articles of Incorporation of the Company, the Board of Directors shall be authorized to determine the emolument according to the general pay levels in the industry. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as directors' remuneration not higher than 2%, while independent directors shall not participate in the distribution of remuneration. The attendance fee shall be paid according to the attendance of the Board of Directors.